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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2013

OR

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

For the transition period from _____ to _____

Commission File Number: 001-35814

IMPRIMIS PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**45-0567010**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

12626 High Bluff Drive, Suite 150
San Diego, CA 92130
(Address of Principal Executive Offices)(Zip Code)

(858) 704-4040
(Registrant's telephone number, including area code)

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

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $0.001 par value per share	The NASDAQ Capital Market

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** [X]

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes** [X] **No** [ ]

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

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

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

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

As of June 28, 2013, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of the common stock held by non-affiliates of the Registrant was approximately $57 million, based on the closing price of $8.48 for the Registrant's common stock as quoted on The NASDAQ Capital Market on that date (adjusted to reflect a one-for-five reverse stock split of the Registrant's common stock on February 7, 2013). For

purposes of this calculation, it has been assumed that shares of common stock held by each director, each officer and each person who owns 10% or more of the outstanding common stock are held by affiliates. The treatment of these persons as affiliates for purposes of this calculation is not conclusive as to whether such persons are, in fact, affiliates of the Registrant.

As of March 27, 2014, there were 9,085,715 shares of the Registrant's common stock outstanding.

Documents incorporated by reference: Portions of the Registrant's proxy statement for its 2014 Annual Meeting of Stockholders (the "Proxy Statement") are incorporated by reference in Part III of this annual report on Form 10-K ("Annual Report"), to the extent stated herein.

TABLE OF CONTENTS

Imprimis Pharmaceuticals, Inc. has pending trademark applications for Imprimis, Imprimis Pharmaceuticals, Accudel, Impracor and Go Dropless. All other trademarks, trade names and service marks included in this Annual Report are the property of their respective owners.

PART I

ITEM 1. BUSINESS

The following discussion should be read in conjunction with our consolidated financial statements and the related notes and other financial information appearing elsewhere in this Annual Report. This Annual Report contains forward-looking statements that involve risks, uncertainties and assumptions. In some cases, you can identify forward-looking statements by terminology such as "will", "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. All statements made in this Annual Report other than statements of historical fact could be deemed forward-looking statements. By their nature, forward-looking statements speak only as of the date they are made, are neither statements of historical fact nor guarantees of future performance. These statements are only predictions and are subject to risks, uncertainties, assumptions, changes in circumstances and other factors that can be difficult to predict or quantify, including the risks identified in the section entitled "Risk Factors" in Part I, Item IA of this Annual Report, and similar discussions in our other SEC filings. If such risks or uncertainties materialize or such assumptions prove incorrect, our results could differ materially from those expressed or implied by such forward-looking statements. Risks that could cause actual results to differ from those contained in the forward-looking statements include but are not limited to risks related to: our ability to successfully implement our business plan, develop and commercialize our proprietary formulations, identify and acquire additional proprietary formulations, manage our pharmacy operations, obtain financing necessary to operate our business recruit and retain qualified personnel, manage any growth we may experience and successfully complete and realize the benefits of potential acquisitions and collaborative arrangements; competition from pharmaceutical companies and compounding pharmacies; general economic and business conditions; regulatory and legal risks and uncertainties related to the pharmacy and pharmaceutical business; market acceptance of our current and any future formulations and compounding pharmacies generally; and our limited operating history. You should not place undue reliance on forward-looking statements. Unless required to do so by law, we do not intend to update or revise any forward-looking statement, because of new information or future developments or otherwise.

As used in this Annual Report and unless indicated or the context requires otherwise, the terms "the Company", "Imprimis" "we", "us" and "our" refer to Imprimis Pharmaceuticals, Inc..

General

Our mission is to navigate the realities of the current healthcare economy and solve unmet patient needs through the development and commercialization of proprietary sterile and topical drug formulations that have been prescribed by a physician for individually identified patients and have shown promise for patients in a clinical setting. We seek to develop proprietary, customizable compounded drug formulations and related technologies, patent them and make them available to physicians and patients through a network of compounding pharmacies, or alternatively, seek U.S. Food and Drug Administration (FDA) approval to market and sell certain drug formulations.

We strive to deliver high quality, novel, and customizable medicines to physicians and patients at accessible prices. Working with leading inventor physicians and pharmacists, we evaluate intellectual property related to innovative compounded drug formulations in several areas, conduct a market-related review, and validate the clinical experience of a development candidate outside of the inventor's medical or pharmacy practice. For development opportunities that pass our proprietary review methodology, we engage in development and commercialization activities in order to advance the expansion and ultimate commercial success of our growing proprietary compounded drug formulations portfolio. We now own formulations in ophthalmology, wound management and urology that we believe may offer both humans and animals unique advantages over commercially available formulations, and we are actively pursuing additional development opportunities.

Our company began its life as a traditional specialty pharmaceutical company and through that experience evolved to our current business. Through the development of customer relationships with our high quality and novel products, we hope to continue to serve our customers' needs with additional compounded formulations in our product portfolio, and in turn grow our business. Our hope is that through the success of our business, we will reduce healthcare costs and provide Americans with access to high quality, novel and previously unavailable medicines to meet patients' individual medical needs.

Compounding Pharmacy Strategy

One of our key strategies is the use of compounding pharmacies to formulate our proprietary compounded drug formulations and technologies and distribute them to physicians and patients. Governed by state and federal statutes and regulations, including the Drug Quality and Security Act of 2013 (DQSA), compounding pharmacies work with physicians to develop medications for individually identified patients. Examples of compounded formulations include medications with alternative dosage strengths or unique dosage forms, such as topical creams or gels, suspensions or solutions with more tolerable drug delivery vehicles. A physician may also work together with a pharmacist to repurpose or reformulate FDA-approved drugs via the compounding process to meet a patient's specific medical needs. We are strategically attentive to the ideas generated by pharmacists dealing directly with doctors and their patients to address specific and often unmet patient needs, and we believe in and support the important role and contribution of the compounding pharmacist and compounding pharmacies in the U.S. healthcare system.

Acquisition of Pharmacy Creations, LLC

On February 10, 2014, we entered into a Membership Interest Purchase Agreement to acquire all of the outstanding membership interests of Pharmacy Creations, LLC, a compounding pharmacy located in Randolph, New Jersey. We expect to close the acquisition of Pharmacy Creations on April 1, 2014. This acquisition will permit us to make and distribute our patent-pending customizable proprietary formulations pursuant to physician prescriptions for individually identified patients in those states in which Pharmacy Creations is licensed to operate. Pharmacy Creations serves both the human and animal markets. With this acquisition we will also gain access to the significant expertise of innovative pharmacists who are the inventors of the ophthalmic formulations we now own. In addition to new intellectual property, our acquisition of Pharmacy Creations will also provide us with our own research and development resources to assist in our assessment of and development of new product candidates.

We plan to continue to pursue opportunities to acquire or collaborate with additional compounding pharmacies in order to establish a network of compounding pharmacies with a national footprint. In addition to making available our proprietary formulations and technologies, we also expect to offer a broader portfolio of non-proprietary customizable compounded formulations to physicians and patients through Pharmacy Creations and, potentially, through a broader network of compounding pharmacies. We expect to continue to operate the Pharmacy Creations business under Section 503A of the Federal Food Drug and Cosmetic Act (FDCA) and applicable state pharmacy laws.

Outsourcing Facility Strategy

The recently enacted DQSA provides that a pharmacy engaged in preparing sterile compounded drug formulations for humans may voluntarily elect to register as an "outsourcing facility," a new entity governed by Section 503B of the FDCA. Outsourcing facilities must comply with certain requirements under Section 503B, including satisfying cGMP (current good manufacturing practices) standards, and are permitted to compound large quantities of drug formulations if the drug formulations appear on the FDA's drug shortage list or the component bulk drug substances appear on a "clinical need" list to be established by the FDA. Outsourcing facilities may prepare drug formulations in advance of a prescription and distribute formulations across state lines without limitation. The FDA has proposed draft guidance and requested comments with respect to key aspects of Section 503B of the FDCA. Although we currently expect to establish a network of compounding pharmacies under Section 503A of the FDCA in order to distribute our proprietary formulations, we could choose to register any facility we may acquire or establish as an outsourcing facility under Section 503B or partner with an existing outsourcing facility, particularly if the FDA were to establish a favorable regulatory environment for outsourcing facilities and adopt an expansive "clinical need" list under Section 503B.

Our Business Model

Our business model is focused on assessing new development opportunities using a four-step proprietary process which includes the identification, evaluation, validation, and ultimately the commercialization of selective opportunities. Our relationships with inventive physicians and pharmacists provide us with access to numerous formulation candidates and technologies to evaluate and validate. These compounded drug formulations are initially made for individual patients and come from the physician's and pharmacist's experience formulating a new therapy to address an unmet need. As a result of our review process, we focus our commercialization efforts on a select group of promising formulations that we believe may be patentable and that could have broad appeal to patients and physicians.

Identify

Our innovation model, which serves as our research and development pipeline, relies on our relationships and partnerships with inventors to identify and secure new development assets. We believe that going forward, our growing group of collaborative relationships with physicians and pharmacists will bring additional clinically and commercially relevant formulation opportunities to our company.

Evaluate

After we have identified potential formulations and technology for acquisition or licensing, we subject them to our proprietary evaluation process. We invest heavily in intellectual property review and analysis at this stage, which includes analyzing the patentability of each formulation and, more generally, gaining an understanding of the surrounding intellectual property landscape. We also evaluate any existing supportive clinical data, identify one or more appropriate commercialization pathways to make the therapy available to patients and ultimately seek to acquire development rights through ownership or licensing of promising formulations.

Validate

Following the identification and evaluation process and our acquisition of development rights, we seek to validate potential drug formulations through a review of existing clinical data, documented patient experience, and through supporting investigator-initiated studies funded by us and conducted by leading physician groups. We are currently in the process of conducting or supporting several such feasibility assessments in order to validate several of our proprietary formulations. Any clinical data we obtain may be used to support a development program in connection with the pursuit of FDA approval to market and sell a drug formulation or technology, or to support clinical confidence for physicians prescribing our proprietary compounded formulations. The cost associated with our validation approach may be significantly lower than a traditional FDA approval process because to the extent we consider and support a commercialization pathway for compounded formulations dispensed pursuant to individually identified prescriptions, our approach would not require FDA approval for their marketing and sale.

Commercialize

Following successful results in the first three steps of our assessment, we focus on commercialization. As part of the development of potential formulations, we evaluate and select an appropriate commercialization pathway to make these therapies available to patients. We consider multiple commercialization pathways, including dispensing formulations through a network of compounding pharmacies pursuant to a prescription for an individually identified patient and pursuing FDA approval to market and sell a drug formulation or technology, including through the approval pathway provided by Section 505(b)(2) of the FDCA. For any non-drug assets we consider, such as drug-delivery vehicles, we may choose to seek partnerships with wholesalers in order to make these technologies available to pharmacies. Depending on the selected commercialization pathway, we expect to build appropriately targeted commercialization teams in order to make our sterile and topical formulations available.

During 2014 we expect to focus our efforts on U.S. commercial opportunities. However, we believe our proprietary drug formulations could have commercial appeal in other markets. We may choose to pursue commercialization of our proprietary formulations in selected international markets through licensing or collaborative arrangements with strategic partners.

Proprietary Compounded Formulations

Ophthalmic Formulations

Anti-Inflammatory and Anti-Bacterial Combination Formulations.

During the third quarter of 2013, we acquired intellectual property related to ophthalmic compounded formulations for intraoperative ocular injection of anti-inflammatory and anti-bacterial agents. These proprietary ophthalmic formulations use patent-pending technologies to uniquely allow for the combination of drugs such as triamcinolone and moxifloxacin that do not typically mix into a homogenous injectable suspension with good content uniformity and small particle size. We believe these formulations have the potential to significantly impact the fast-growing global cataract surgery drug market and other markets in ophthalmology for procedures where there is a risk of inflammation and infection. Our formulations have been used as an injection, but have also been used topically as an eye drop, depending on the procedure being administered.

Our formulations utilize a new technology that provides another choice for physicians to address the primary ocular complications of ophthalmic surgery: infection risk and post-operative inflammation. Although our patent applications also include other claims, we have focused our development and commercialization efforts on the following formulations:

- A combination of triamcinolone acetonide and moxifloxacin hydrochloride, used as an injection during ocular surgery
- A combination of triamcinolone acetonide, moxifloxacin hydrochloride and vancomycin, used as an injection during ocular surgery

The relative strengths of each of the active ingredients included in these formulations can be prescribed by the physician and tailored to individual patients. Through March 2014, our proprietary formulations have been prescribed by physicians in thousands of ocular surgeries.

The current treatment regimen for the prevention of post-intraocular surgery complication is primarily a pre-operative and post-operative self-administered eye drop regimen, which requires strict patient compliance and careful adherence to a prescribed dosing schedule. Physicians have reported and recent studies have shown that eye drop regimens can be confusing to patients, creating non-compliance and incorrect dosing (See, e.g., Hennessy AL, Ophthalmology, 2010). Two large studies conducted in the U.S. and Europe showed that antibiotics administered into the eye at the time of cataract surgery significantly reduced the risk of developing endophthalmitis (Shorstein, N. Journal of Cataract Refractive Surgery, 2013 and Barry, P. Journal of Cataract Refractive Surgery, 2006). Physicians using our formulations in the form of intraocular injections at the time of ocular surgery have reported that reducing reliance on eye drops may reduce staff time and chair time spent on instructions and follow-up with post-operative surgical patients, as well as calls from pharmacists.

Mydriatic Formulations.

Compounding pharmacists mix different ingredients to create specialized preparations ordered by a physician to treat an individually identified patient. Often this is because a standard medication approved by the FDA is not appropriate for individual patients. It can also help during FDA-recognized shortages of key drugs, because compounding pharmacies can prepare compounded alternatives to commercially available drugs when drugs are in short supply. These shortages are becoming more common: According to the FDA, prescription drug shortages rose from 56 in 2006 to 251 in 2011 to 311 in 2013.

Eye surgeons are concerned about drug shortages, especially for drugs such as epinephrine or phenylephrine, which are commonly used to dilate the pupil prior to and during intraocular procedures (among other things). During 2013, we acquired intellectual property related to lyophilized (or freeze-dried), preservative-free, sulfite-free epinephrine, phenylephrine and lidocaine. Although our patent applications also include other claims, we have focused our development and commercialization efforts on the following mydriatic formulations:

- lyophilized preservative-free and sulfite-free epinephrine;
- lyophilized preservative-free and sulfite-free combination of epinephrine and lidocaine (often referred to as Shugarcaine); and
- lyophilized preservative-free and sulfite-free combination of phenylephrine and lidocaine.

Although following our expected acquisition of Pharmacy Creations we expect to make our ophthalmic formulations available to patients pursuant to a physician prescription through Pharmacy Creations, we may choose to pursue FDA approval of one or more of these formulations through Section 505(b)(2) of the FDCA.

Because of the near-term opportunities in the ophthalmology formulations area, we have begun to build a commercialization team to execute in this specialized market. This team brings a wealth of experience from leading companies in the industry in developing and commercializing ophthalmic FDA-approved drugs, as well as expertise in operating compounding pharmacies and developing compounded drug formulations. We currently expect to make our proprietary compounded formulations available to physicians and patients through Pharmacy Creations following the expected closing of the acquisition. Our recent activities have included attendance at a number of key industry conferences, including the American Academy of Ophthalmology in New Orleans, Louisiana, “Cataract Surgery: Telling It Like It Is” in Sarasota, Florida and the ACES/SEE Caribbean Eye Meeting. We have also held several Ophthalmic Advisory Board meetings with national leaders in the field. Each of these events provides the opportunity to build relationships and gain valuable insight on our innovations and business model from the perspective of the participating surgeons.

Other Proprietary Formulations

In addition to our proprietary ophthalmic formulations, during 2013 we acquired intellectual property assets, including provisional patent applications, related to topical formulations comprising tranexamic acid and an antibiotic which has been prescribed for wound healing, as well as injectable formulations comprising pentoxifylline for treatment of fibrotic conditions. We are currently pursuing obtaining additional supporting data with respect to these formulations as part of our assessment process. Although compounded formulations utilizing our proprietary technology are currently available through Pharmacy Creations with a physician prescription, we do not expect to actively market any of these non-ophthalmic formulations in the absence of a successful commercial assessment. Our planned acquisition of Pharmacy Creations may also bring new and exciting intellectual property assets that could add value to our ophthalmology portfolio.

Impracor™ Program

Historically, our business focused on developing and commercializing our former product candidate Impracor™ through the regulatory pathway provided by Section 505(b)(2) of the FDCA. Impracor™ utilizes our patented Accudel™ topical cream formulation to deliver ketoprofen, a non-steroidal anti-inflammatory drug, through the skin directly into the underlying tissues. After considering the totality of circumstances surrounding the development of and clinical trial requirements for Impracor™, including certain manufacturing and formulation issues that we previously reported, in November 2013 we announced our discontinuation of the planned Phase 3 clinical trial for Impracor™. We do not expect to resume a Phase 3 clinical trial for Impracor™ or otherwise invest in the commercial development of this asset.

Competition

The pharmaceutical and pharmacy industries are highly competitive. We compete against branded drug companies, generic drug companies, outsourcing facilities and other compounding pharmacies. We expect to focus our efforts on making available innovative, proprietary compounded formulations through a network of compounding pharmacies. The drug products available through branded and generic drug companies with which our formulations compete have been approved for marketing and sale by the FDA and are required to be manufactured in facilities compliant with cGMP standards. As a result, although we expect to prepare our compounded formulations in accordance with the standards provided by United States Pharmacopoeia (USP) <795> and USP <797> and applicable state and federal law, some physicians may be unwilling to prescribe them. Because our proprietary compounded formulations compounded in accordance with FDCA Section 503A are not required to be, and have not been, approved for marketing and sale by the FDA, our business may be subject to limitations our competitors with FDA-approved drugs may not face. In addition, we compete against compounding pharmacies that make compounded formulations available to their customers.

In addition to product safety and efficacy considerations, other competitive factors in the pharmacy and pharmaceutical markets include product quality and price, reputation, service and access to scientific and technical information. The competitive environment requires an ongoing, extensive search for medical and technological innovations and the ability to develop those innovations into products and market those products effectively. Developments by our competitors could make our formulations or technologies uncompetitive or obsolete. In addition, because we are significantly smaller than our primary competitors, we may lack the financial and other resources and experience needed to identify and acquire rights to, develop, produce, distribute, market and commercialize any of the formulations we seek to make available or compete for market share in these markets.

Intellectual Property

Our success and ability to compete depends upon our ability to protect our intellectual property. We conduct a comprehensive analysis of the intellectual property landscape prior to acquiring rights to formulations and filing patent applications. As of December 31, 2013, we had one issued U.S. patent and one issued Canadian patent, which cover our Accudel™ technology and Impracor™. Our existing patents expire in 2016 in the U.S. and 2018 in Canada, and we do not expect the life of these patents to be extended beyond these dates. In addition, as of March 27, 2014, we have ten U.S. patent applications pending, including three utility and seven provisional patent applications. We expect to file additional patent applications in the U.S., as well as pursue patent protection for certain of our formulations in other important international jurisdictions. As of March 27, 2014, we have eight pending U.S. trademark applications, including applications for Imprimis™, Accudel™ and Go Dropless™. We may choose to pursue trademark protection in other jurisdictions for one or more of these or other marks.

Governmental Regulation

Our business is subject to federal, state and local laws, regulations, and administrative practices, including, without limitation: federal, state and local licensure and registration requirements concerning the operation of pharmacies and the practice of pharmacy; the Health Insurance Portability and Accountability Act (HIPAA); the Patient Protection and Affordable Care Act (ACA); statutes and regulations of the U.S. Food and Drug Administration, the U.S. Federal Trade Commission, the U.S. Drug Enforcement Administration and the U.S. Consumer Product Safety Commission, as well as regulations promulgated by comparable state agencies concerning the sale, advertisement and promotion of the products we sell.

Among the various federal and state laws and regulations which may govern or impact our current and planned operations are the following:

Pharmacy Regulation

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

Many of the states into which we deliver pharmaceuticals have laws and regulations that require out-of-state pharmacies to register with, or be licensed by, the boards of pharmacy or similar regulatory bodies in those states. These states generally permit the dispensing pharmacy to follow the laws of the state within which the dispensing pharmacy is located. However, various state pharmacy boards have enacted laws and/or adopted rules or regulations directed at restricting or prohibiting the operation of out-of-state pharmacies by, among other things, requiring compliance with all laws of the states into which the out-of-state pharmacy dispenses medications, whether or not those laws conflict with the laws of the state in which the pharmacy is located, or requiring the pharmacist-in-charge to be licensed in that state. To the extent that such laws or regulations are found to be applicable to our operations, we believe we comply with them. Furthermore, Section 503A of the FDCA seeks to limit the amount of compounded products that a pharmacy can dispense interstate. The interpretation and enforcement of that provision is dependent on FDA entering into a Memorandum of Understanding with each state describing limits on interstate compounding. FDA has stated in guidance that it will not enforce interstate restrictions until 90 days after a draft Memorandum of Understanding is presented to states. Until such time as a Memorandum of Understanding is issued, the extent of such interstate dispensing restrictions is unknown. To the extent that any of the foregoing laws or regulations prohibit or restrict the operation of out-of-state pharmacies and are found to be applicable to us, they could have an adverse effect on our operations.

Certain provisions of the FDCA govern the preparation, handling, storage, marketing and distribution of pharmaceutical products. The recently enacted Drug Quality and Security Act (DQSA) clarifies and strengthens the federal regulatory framework governing compounding pharmacies. Title 1 of the DQSA, the Compounding Quality Act, modifies provisions of the Section 503A of the FDCA that were found to be unconstitutional by the U.S. Supreme Court in 2002. In general, Section 503A provides that pharmacies are exempt from the provisions of the FDCA requiring compliance with cGMP, labeling with adequate directions for use and FDA approval prior to marketing if the pharmacy complies with certain other requirements. Among other things, to comply with Section 503A, a compounded drug must be compounded by a licensed pharmacist for an identified individual patient on the basis of a valid prescription. Pharmacies may only compound in limited quantities before receipt of a prescription for an individual patient and are subject to limitations on anticipatory compounding, the distribution of compounded drug products outside of the state in which the pharmacy is located.

The DQSA also provides for a new Section 503B of the FDCA. Section 503B provides that a pharmacy engaged in preparing sterile compounded drug formulations may voluntarily elect to register as an "outsourcing facility," a new entity permitted to compound large quantities of drug formulations without a prescription if the drug formulations appear on the U.S. Food and Drug Administration's drug shortage list or the bulk drug substances contained in a formulation appear on a "clinical need" list to be established by the FDA, as well as distribute these formulations out of state without limitation. Entities voluntarily registering as outsourcing facilities are subject to cGMP requirements and regular FDA inspection. Currently, we expect to operate our pharmacy business under Section 503A and applicable state pharmacy laws. However, we may choose to register any facility we may acquire or establish as an outsourcing facility under Section 503B, or partner with an existing outsourcing facility. FDA has proposed draft guidance and requested comments with respect to key aspects of Section 503A and Section 503B of the FDCA. The scope of the regulations and guidance ultimately adopted by the FDA could have a significant impact on our business.

FDA New Drug Application Process

We may choose to pursue FDA approval to market and sell one or more of our formulations through FDA's new drug application (NDA) process. Since the active pharmaceutical ingredients in all of our formulations have already been approved by the FDA, we could choose to pursue FDA approval of one or more of our formulations under Section 505(b)(2) of the FDCA. Section 505(b)(2) permits the submission of an NDA where at least some of the information required for approval comes from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference. The applicant may rely upon certain published nonclinical or clinical studies conducted for an approved product or the FDA's conclusions from prior review of such studies. FDA may also require companies to perform additional studies or measurements to support any changes from the approved product. FDA may then approve the new product for all or some of the label indications for which the referenced product has been approved, as well as for any new indication sought by the Section 505(b)(2) applicant. While references to nonclinical and clinical data not generated by the applicant or for which the applicant does not have a right of reference are allowed, all development, process, stability, qualification and validation data related to the manufacturing and quality of the new product must be included in the NDA.

To the extent that the Section 505(b)(2) applicant is relying on the FDA's conclusions regarding studies conducted for an already approved product, the applicant is required to certify to the FDA concerning any patents listed for the approved product in the FDA's Orange Book publication (titled "Approved Drug Products with Therapeutic Equivalence Evaluations"). As a condition of approval, the FDA or other regulatory authorities may require further studies, including Phase 4 post-marketing studies to provide additional data. Other post-marketing studies may be required to gain approval for the use of a product as a treatment for clinical indications other than those for which the product was initially tested and approved. Also, the FDA or other regulatory authorities require post-marketing reporting to monitor the adverse effects of the drug. Results of post-marketing programs may limit or expand the further marketing of the products.

The FDA closely regulates the post-approval marketing and promotion of drugs, including standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities and promotional activities involving the Internet. A company can make only those claims relating to safety and efficacy that are approved by the FDA. Failure to comply with these requirements can result in adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties. Physicians may prescribe legally available drugs for uses that are not described in the drug's labeling and that differ from those tested by us and approved by the FDA. Such off-label uses are common across medical specialties. Physicians may believe that such off-label uses are the best treatment for many patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, impose stringent restrictions on manufacturers' communications regarding off-label use.

Confidentiality, Privacy and HIPAA

Our pharmacy operations involve the receipt, use and disclosure of confidential medical, pharmacy or other health-related information. In addition, we use aggregated and blinded (anonymous) data for research and analysis purposes. The federal privacy regulations under Health Insurance Portability and Accountability Act of 1996 (HIPAA) are designed to protect the medical information of a healthcare patient or health plan enrollee that could be used to identify the individual. Among other things, HIPAA limits certain uses and disclosures of protected health information. HIPAA also requires compliance with the federal security regulations regarding the storage, utilization of, access to and transmission of electronic protected health information. The requirements imposed by HIPAA are extensive. In addition, most states have enacted privacy and security laws that protect identifiable patient information which is not health related. Further, several states have enacted more protective and comprehensive pharmacy-related privacy legislation that not only applies to patient records but also prohibits the transfer or use for commercial purposes of pharmacy data that identifies prescribers. And, in 2009, the Health Information for Economic and Clinical Health Act (HITECH) modified certain provisions of HIPAA to strengthen its privacy and security provisions. These regulations impose substantial requirements on covered entities and their business associates regarding the storage, utilization of, access to and transmission of electronic personal health information. Many of these laws apply to our business.

Medicare and Medicaid Reimbursement

Medicare is a federally funded program that provides health insurance coverage for qualified persons age 65 or older and for some disabled persons with certain specific conditions. State-funded Medicaid programs provide medical benefits to groups of low-income and disabled individuals, some who may have inadequate or no medical insurance. Currently, all of our commercially available formulations are sold in cash transactions. Our customers may choose to seek available reimbursement opportunities to the extent that they exist. However, in the future we may pursue reimbursement from third party payors and/or Medicare or Medicaid. We may be unable to satisfy the requirements of Medicare or Medicaid and may never be able to obtain reimbursement from Medicare and/or Medicaid for any of our formulations. To the extent we pursue third party reimbursement for our compounded formulations, we may become subject to Medicare, Medicaid and other publicly financed health benefit plan regulations prohibiting kickbacks, beneficiary inducement and the submission of false claims.

International Regulation

If we pursue commercialization of our proprietary formulations in countries other than the United States, then we would need to obtain the approvals required by the regulatory authorities of such foreign countries comparable to the FDA and state boards of pharmacy, and we would be subject to a variety of other foreign statutes and regulations comparable to those described in this section relating to our U.S. operations. The regulatory framework and requirements vary by country and could involve additional licensing requirements and product testing and review periods.

Environmental and Other Matters

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

Research and Development

Our research and development expenses primarily include expenses related to the development of intellectual property acquired during the fiscal year ended December 31, 2013, including our ophthalmic formulations and our Impracor clinical program, including costs for our contract research organization. Also included are personnel costs including wages and stock-based compensation, contract manufacturing, non-clinical studies, consulting and other costs related to the clinical program.

During the year ended December 31, 2013, we incurred $1,616,082 in research and development expenses, as compared to $1,298,503 during the year ended December 31, 2012. We expect research and development activities to decrease during the 2014 fiscal year as a result of our shift in business strategy away from our Impracor Phase 3 development program.

Employees

As of March 27, 2014, we employed seventeen full-time employees. Our employees are engaged in research, development, pharmacy operations, marketing, and general and administrative functions. We believe that our current staff is sufficient to carry out our business plan in the coming twelve months; however, if our operations in the future require it, we will consider the employment of additional staff or the use of additional consultants. We are not party to any collective bargaining agreements with any of our employees. We have never experienced a work stoppage, and we believe our employee relations are good. We hire independent contractor labor and consultants on an as needed basis.

Company Information

We were incorporated in Delaware in January 2006 as Bywater Resources, Inc. in order to conduct mineral exploration activities. We changed our name to Transdel Pharmaceuticals, Inc. on September 11, 2007. On September 17, 2007, Transdel Pharmaceuticals, Inc. entered into an Agreement of Merger and Plan of Reorganization by and among Transdel Pharmaceuticals, Inc., Transdel Pharmaceuticals Holdings, Inc., a privately held Nevada corporation (“Transdel Holdings”), and Trans-Pharma Acquisition Corp., a newly formed, wholly-owned Delaware subsidiary of Transdel (“Acquisition Sub”). Upon closing of the merger transaction contemplated under the merger agreement, Acquisition Sub merged with and into Transdel Holdings, Transdel Holdings, as the surviving corporation, became our wholly-owned subsidiary, and the former owners of Transdel Holdings became our controlling stockholders. Upon completion of the merger, we began our operations as a specialty pharmaceutical company.

On June 26, 2011, we suspended our operations and filed a voluntary petition for reorganization relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of California (the “Bankruptcy Court”), Case No. 11-10497-11 (the “Chapter 11 Case”). On November 21, 2011, in connection with our entry into a line of credit agreement and securities purchase agreement with DermaStar International, LLC, we requested that the Bankruptcy Court dismiss the Chapter 11 Case. On December 8, 2011, the Bankruptcy Court entered an order dismissing the Chapter 11 Case.

On February 28, 2012, we changed our name to Imprimis Pharmaceuticals, Inc. and effected a one-for-eight reverse split of our authorized, issued and outstanding common stock, and on February 7, 2013 we effected a one-for-five reverse split of our authorized, issued and outstanding common stock. The information in this Annual Report and the accompanying consolidated financial statements for the periods presented have been retroactively adjusted to reflect the effects of these reverse stock splits**.**

Our common stock is currently traded on The NASDAQ Capital Market under the symbol IMMY. Our executive offices are located at 12626 High Bluff Drive, Suite 150 San Diego, CA 92130 and our telephone number at such office is (858) 704-4040. Our website address is imprimispharma.com. Information contained on our website is not deemed part of this Annual Report.

ITEM 1A. RISK FACTORS

You should carefully consider the following risk factors in addition to the other information contained in this Annual Report. This Annual Report contains forward-looking statements. Our business, financial condition, results of operations and stock price could be materially adversely affected by any of these risks.

We have incurred losses in every year of our operations, and we may never generate revenue or become profitable.

We have incurred losses in every year of our operations, including net losses of $(7,643,124) and $(5,383,535) for the years ended December 31, 2013 and 2012, respectively. As of December 31, 2013, our deficit accumulated during the development stage was $(31,747,392). On June 26, 2011, we suspended our operations and filed a voluntary petition for reorganization relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of California (the "Bankruptcy Court"), Case No. 11-10497-11 (the "Chapter 11 Case"). On December 8, 2011, the Bankruptcy Court entered an order dismissing the Chapter 11 Case following our entry into a line of credit agreement and securities purchase agreement with DermaStar International, LLC. Since the dismissal of the Chapter 11 Case we have focused on resuming our operations and developing and implementing our business plan. We expect to incur increasing operating losses for the foreseeable future as we continue to incur costs for research and development and commercialization activities. Our ability to generate revenue and achieve profitability depends upon our ability, alone or with others, to complete the development and commercialization of our compounded formulations, successfully acquire and operate Pharmacy Creations, comply with federal and state laws related to pharmaceutical compounding and, if applicable, FDA regulations for any formulations for which we pursue FDA approval, and prepare, market and sell our proprietary formulations. These activities are costly and require significant investment.

Our ability to generate revenues from any of our proprietary formulations will depend on a number of factors, including our ability to satisfy applicable regulatory requirements, identify appropriate commercialization strategies, interest physicians and health care organizations in our formulations, establish a network of pharmacies to sell our proprietary formulations, enter into arrangements with third parties, and market and sell any of our proprietary formulations. Our ultimate success will depend on many factors, including factors outside of our control. We may never successfully commercialize or achieve and sustain market acceptance of any of our proprietary formulations, our pharmacy operations may not generate sufficient revenue to support our business, and we may never reach the level of sales and revenues necessary to achieve and sustain profitability.

Currently, we expect to sell certain of our proprietary formulations primarily through a network of compounding pharmacies and we may not be successful in our efforts to establish such a network or integrate these businesses into our operations.

We expect to market and sell certain of our proprietary formulations, including our ophthalmic sterile injectable formulations, through a network of compounding pharmacies. We may also choose to pursue FDA approval to market and sell certain drug formulations. A key aspect of this business strategy is to establish a compounding pharmacy network, whether through acquisitions, establishing new pharmacies or entering into licensing arrangements with other pharmacies. On February 10, 2014, we entered into a Membership Interest Purchase Agreement for the acquisition of Pharmacy Creations, LLC, a New Jersey-based compounding pharmacy. We expect to close the transaction on April 1, 2014. We may be unable to complete the acquisition of Pharmacy Creations, or acquire any additional pharmacy businesses on reasonable terms or at all. Our business could suffer if we are unable to acquire or collaborate with one or more pharmacies that are licensed to operate as pharmacies in states important to our business plan.

We have no experience acquiring, building, operating or licensing products to pharmacies and we may not be successful in our efforts to build a pharmacy network. Even if we are successful in acquiring pharmacies, we may not be able to integrate pharmacy operations, including the operations of Pharmacy Creations, into our business or realize the benefits we expect from any such acquisition. If we elect to establish new pharmacies, we may not be able to satisfy applicable federal and state licensing and other requirements in a timely manner or at all, or achieve a sufficient physician and patient customer base to sustain operations. If we elect to license our proprietary formulations to one or more unaffiliated pharmacies, we may not be able to enter into licensing agreements on acceptable terms or at all. Acquiring, integrating, building or establishing licensing or other relationships with pharmacies could be expensive and time consuming, would disrupt our other operations, require significant capital expenditures and distract management and our other employees from other aspects of our business.

We have limited experience operating compounding pharmacies and we may be unable to implement our business plan successfully or generate sufficient revenue to operate our business.

We expect to complete our acquisition of Pharmacy Creations on April 1, 2014. We intend to retain all pre-acquisition employees of Pharmacy Creations, including four experienced pharmacists, and have hired a new Vice President of Pharmacy Operations to manage the operations of our pharmacy business. However, we have no experience operating pharmacies or commercializing our formulations through ownership of or licensing arrangements with compounding pharmacies. To the extent we pursue additional acquisitions, we will need to expand our operations and personnel in the pharmacy operations area, which we may be unable to do successfully. In addition to the other risks we identify elsewhere in these Risk Factors, we may experience unanticipated difficulties implementing this strategy, including difficulties that arise as a result of our lack of experience in this area. Even if we are successful, we may be unable to generate sufficient revenue to recover our costs.

We are dependent on market acceptance of compounding pharmacies and compounded formulations.

Although we may pursue FDA approval of some of our proprietary formulations, we currently expect to pursue commercialization of many of our formulations, including our presently available ophthalmic formulations, through compounding pharmacies. Formulations prepared and dispensed by compounding pharmacies contain FDA-approved ingredients, but are not themselves approved by the FDA. As a result, these formulations have not undergone the FDA approval process and only limited data, if any, may be available with respect to the safety and efficiency of our formulations for any particular indication. Some physicians may be hesitant to prescribe, and some patients may be hesitant to purchase and use, these non-FDA approved compounded formulations. Additionally, many third party payors, including the government Medicare and Medicaid programs, do not provide reimbursement for compounded formulations. Any failure by physicians, patients and/or third party payors to accept and embrace compounded formulations could substantially limit our market and cause our operations to suffer.

We may never receive sufficient revenue to fund our operations and recover our development costs.

Our business plan with respect to certain of our formulations involves the sale of our proprietary formulations through a network of compounding pharmacies, whether through the acquisition of pharmacies such as Pharmacy Creations, or through licensing our formulations to a pharmacy or network of pharmacies. We are in the processing of establishing an internal sales force to pursue sales of our proprietary and other formulations in the states in which Pharmacy Creations is authorized to operate under federal and state pharmacy laws. We are also pursuing additional strategic transactions to broaden our geographic reach. Our company has limited experience operating pharmacies and commercializing compounded formulations. We may be unable to successfully manage this business or generate sufficient revenue to recover our development costs and operational expenses.

We may have only limited success in marketing and selling our proprietary formulations through any network of compounding pharmacies we may develop. Because any of our formulations being commercialized through a compounding pharmacy distribution model will not have gone through the FDA approval process, only limited data will be available, if any, with respect to the safety and efficacy of our formulations for any particular indication. As a result, physicians may not be interested in prescribing our formulations to their patients. In addition, we would be substantially dependent on Pharmacy Creations or any other pharmacy partners we may contract with to compound and sell our formulations in sufficient volumes to accommodate the number of prescriptions they receive. We may be unable to enter into agreements with pharmacies of sufficient size, reputation and quality to implement our business plan, and our pharmacy partners may be unable to compound our formulations successfully. If physicians and healthcare organizations were to request our formulations in quantities our pharmacy partners are unable to fill, our business would suffer.

Our business strategy is significantly impacted by existing and new state and federal legislation and regulations.

All of our proprietary formulations are comprised of active pharmaceutical ingredients (APIs) that are components of drugs that have received marketing approval from the FDA, although our proprietary formulations have not themselves received FDA approval. FDA approval of a compounded formulation is not required in order to market and sell the compounded formulations, although in select instances we may choose to pursue FDA approval to market and sell certain potential product candidates. As we describe further in “Business – Governmental Regulation,” the marketing and sale of compounded formulations is subject to and must comply with extensive state and federal statutes and regulations governing compounding pharmacies. These statutes and regulations include, among other things, restrictions on compounding in advance of receiving a patient-specific prescription, compounding drugs that are essentially copies of FDA-approved drugs, prohibitions on compounding drug products for office use without a prescription for an individually identified patient, limitations on the volume of compounded formulations that may be sold across state lines, and prohibitions on wholesaling or reselling, among other things. These and other restrictions on the activities of compounding pharmacies may significantly limit the extent of the market available to us, as compared to the market available for FDA-approved drugs.

Our business is impacted by federal and state laws and regulations governing, among other things: the purchase, distribution, management, compounding, dispensing, reimbursement, marketing and labeling of prescription drugs and related services; FDA and/or state regulation affecting the pharmacy and pharmaceutical industries; rules and regulations issued pursuant to HIPAA and other state and federal laws related to the use, disclosure and transmission of health information; and statutes and regulations related to FDA approval for the sale and marketing of new drugs and medical devices. Our business could be affected by changes in these or any newly enacted laws and regulations, as well as federal and state agency interpretations of such statutes and regulations. Such statutory or regulatory changes could require that we make changes to our business model and operations. Untimely compliance or noncompliance with applicable laws and regulations could adversely affect our business, including loss of required government certifications and approvals, loss of licensure and a limited ability to market and sell our proprietary formulations.

In addition, the failure to comply with Section 503A by any pharmacies we establish or acquire, or to whom we license our formulations could result in complaints or adverse actions by respective state boards of pharmacy, FDA inspection of the facility to comply with FDCA, loss of FDCA exemptions provided under Section 503A, Warning Letters, injunctions or prosecution.

There are many competitive risks related to the marketing and sale of our proprietary formulations and operating a compounding pharmacy business.

The pharmacy and pharmaceutical industries are highly competitive. Our proprietary formulations compete with FDA-approved drugs, as well as other compounded formulations prepared by pharmacies. It is possible that developments by our competitors will make our formulations or technologies uncompetitive or obsolete. In addition, the competitive ophthalmology environment requires an ongoing, extensive search for medical and technological innovations and the ability to market products effectively. Physicians may be unwilling to prescribe our proprietary customizable compounded formulations for a number of reasons, including but not limited to the following: our proprietary formulations and other formulations that may be prepared by Pharmacy Creations or other pharmacy partners are not required to be, and have not been, approved for marketing and sale by the FDA; there may be limited or no data available with respect to the clinical efficacy or safety of the specific compounded formulations the physician is prescribing; to the extent there is such data available, we are limited in our ability to discuss the effectiveness or safety of our formulations; our pharmacy operations are currently operating on a cash-pay basis; and our formulations are not presently being prepared in a manufacturing facility governed by FDA-mandated cGMP requirements. In addition, certain compounding pharmacies have been the subject of widespread negative media coverage in recent years, and the actions of these pharmacies have resulted in increased scrutiny of compounding pharmacy activities from FDA and state governmental agencies. As a result, physicians may be unwilling to prescribe a compounded formulation when an FDA-approved alternative is available, even if they believed the compounded formulation to be superior and less expensive.

Biotechnology and related pharmaceutical technologies have undergone and continue to be subject to rapid and significant change. Our future will depend in large part on our ability to maintain a competitive position with respect to these technologies. Developments by our competitors could render our products and technologies obsolete or unable to compete. Any products that we develop may become obsolete before we recover expenses incurred in developing those products, which may require that we raise additional funds to continue our operations. Our proprietary formulations will also compete with other compounded formulations created by pharmacies, which may develop alternative formulations or technologies. It is possible that developments by competing compounding pharmacies and drug developers will make our formulations or technologies uncompetitive or obsolete. The competitive environment requires an ongoing, extensive search for medical and technological innovations and the ability to develop and market these innovations effectively, and we may not be competitive with respect to these factors. Other competitive factors that may limit the market acceptance of our proprietary formulations include the timing of market entry relative to competitive products, the availability of alternative compounded formulations or approved drugs, the price of our formulations and services relative to these alternative products, the availability of third party reimbursement and the success of our sales and marketing efforts.

In addition, under state and federal laws applicable to compounding pharmacies, we are not permitted to prepare significant amounts of a specific formulation in advance of a prescription, compound quantities for office use or utilize a wholesaler for our formulations; instead, our compounded formulations must be prepared and dispensed in connection with a physician prescription for an individually identified patient. In general, pharmaceutical companies typically sell most of their products to large pharmaceutical wholesalers, who in turn sell to and supply hospitals and retail pharmacies. As a result, our business is not scalable on the scope available to our competitors with FDA-approved drugs. In addition, we are significantly smaller than our primary competitors, we may lack the financial and other resources needed to develop, produce, distribute, market and commercialize any of our proprietary formulations or compete for market share in these sectors. If our proprietary formulations are unable to compete with the products of our competitors, we may never gain market share or achieve profitability.

We may be subject to liability claims for damages and other expenses, and such claims may not be covered by insurance or may otherwise harm our business.

The success of our business, including our proprietary formulations and pharmacy operations, will be highly dependent upon medical and patient perceptions of us and the safety and quality of our products. We could be adversely affected if we or any other pharmacies or our formulations and technologies are subject to negative publicity. We could also be adversely affected if any of our formulations or technologies, any similar products sold by other companies, or any products sold by other compounding pharmacies prove to be, or are asserted to be, harmful to patients. Also, because of our dependence upon medical and patient perceptions, any adverse publicity associated with illness or other adverse effects resulting from the use or misuse of our products, any similar products sold by other companies or any products sold by compounding pharmacies could have a material adverse impact on our business. If significant adverse events or deaths or a product recall, either voluntarily or by the FDA, were associated with one of our proprietary formulations, or any compounds prepared by Pharmacy Creations or any other pharmacy partner, physicians may be unwilling to prescribe our proprietary formulations or order prescriptions from Pharmacy Creations or any other partner pharmacy. Although we expect that Pharmacy Creations and any future pharmacy partners will comply with high standards for manufacturing quality and quality assurance, including United States Pharmacopeia 795 and 797, we cannot ensure that they will comply with such requirements.

We may become subject to product and professional liability lawsuits related to the preparation and sale of our compounded formulations or testing of our product candidates. An individual could bring a liability claim against us if one of our proprietary formulations or product candidates causes, or appears to have caused, an injury. If we cannot successfully defend ourselves against such claims, we may incur substantial liabilities in excess of the amount of any contractual indemnity or insurance coverage. Such claims could result in decreased demand for our formulations, injury to our reputation, withdrawal of clinical trial participants, significant litigation costs, substantial monetary awards to or costly settlement with patients, product recalls, loss of revenue and the inability to further develop and commercialize our proprietary formulations. In addition, should any of our compounded products not achieve the therapeutic benefit for which the product is marketed, we could be subject to claims alleging, among other things, violations of consumer protection, trade practice and false advertising laws.

Although we have secured product and professional liability insurance that will cover our pharmacy operations and the marketing and sale of our formulations, our current or future insurance coverage may prove insufficient to cover any liability claims brought against us. Because of the increasing costs of insurance coverage, we may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise.

We are not pursuing further development of Impracor, our historical product candidate, and we do not expect to receive any revenue from Impracor.

Historically, our business has focused on developing and commercializing our product candidate Impracor under the regulatory pathway provided by Section 505(b)(2) of the FDCA. In August 2013, we were notified by our contract manufacturer that placebo and active bulk batches that were to be used in a planned Phase 3 clinical trial of Impracor had demonstrated out of specification stability test results with respect to the placebo and decreasing stability test results for Impracor, which we believe would likely have resulted in the materials being unusable for the duration of the planned Impracor clinical trial. After considering the totality of circumstances surrounding Impracor, including these unexpected manufacturing and formulation issues, other strategic and competitive considerations related to the Impracor program, the optimal use of our capital and other resources and other potential commercialization opportunities, we have discontinued the previously planned Phase 3 study for Impracor and terminated all development programs for Impracor. We do not expect we will identify or pursue a successful commercialization pathway for Impracor. Even if we were to pursue commercialization of Impracor or sell compounded formulations utilizing the Impracor technology through Pharmacy Creations or one or more other compounding pharmacies, we would not expect to achieve sales and revenues necessary to recover our historical costs associated with the Impracor development program.

We may not be able to correctly estimate our future operating expenses, which could lead to cash shortfalls.

Our estimates of our future operating and capital expenditures are based upon our current business plan, the anticipated expenses associated with our expected Pharmacy Creations operations and our current expectations regarding the commercialization of our proprietary formulations. Our projections have varied significantly in the past as a result of changes to our business model and strategy, our acquisition of additional product development opportunities and changes to the historical Impracor clinical program. Our company has never operated a pharmacy or successfully commercialized proprietary compounded formulations, and we may not accurately estimate expenses and potential revenue associated with our planned pharmacy operations. We may be unable to correctly estimate the amount of cash necessary to fund our business, and we could spend our available financial resources much faster than we currently expect. If we do not have sufficient funds to continue to operate and develop our business, we could be required to seek additional financing earlier than we expect or be forced to delay, scale back or eliminate some or all of our proposed operations.

Our operating expenses may fluctuate significantly in the future as a result of a variety of factors, some of which are outside of our control. These factors include, among other things:

- the time and resources required to identify and acquire and/or research and develop potential compounded formulations;
- the time and resources required to pursue and realize the benefits of any potential strategic transactions;
- the costs related to attracting and retaining personnel with the skills required for effective operations;
- the costs associated with operating Pharmacy Creations and any other pharmacy we may acquire;
- the time and resources required to support or conduct feasibility or other studies to support our compounded formulations, or to conduct clinical trials and obtain regulatory approvals for any potential product candidate we may choose to commercialize using a Section 502(b) pathway; and
- the costs of preparing, filing, prosecuting, defending and enforcing patent claims and other patent related costs, including litigation costs and the results of such litigation.

If we do not have sufficient funds to continue to operate and develop our business, we will be forced to delay, scale back or eliminate some or all of our proposed operations.

We are dependent on third party relationships to assist in our identification, research, assessment and acquisition of new formulations. If we do not successfully identify and acquire rights to potential formulations and successfully integrate them into our operations, our growth opportunities may be limited.

We do not plan to conduct basic research or pre-clinical product development. Until we complete our planned acquisition of Pharmacy Creations, we will not have an internal research and development team and must rely on third parties to assist us with assessing potential acquisitions and licensing opportunities, as well as conducting research and development on both potential acquisitions and existing product candidates. We expect Pharmacy Creations to provide us with limited research and development support and access to additional novel compounded formulations; however, we expect to continue to rely upon third parties to provide us with additional opportunities. Under our Strategic Alliance Agreement with PCCA, PCCA may refer us to PCCA member pharmacies or customers with potential development opportunities, in exchange for certain recovery fees and commissions. We have entered into three asset purchase agreements for development opportunities since May 2013 as a result of these referrals. The term of the Strategic Alliance Agreement currently extends until February 18, 2015 and automatically extends for successive one year periods unless either party provides 30 day prior written notice of non-renewal. Although we have developed independent relationships with pharmacists and other inventors and are not reliant upon PCCA for access to pharmacists, if PCCA were to terminate the Strategic Alliance Agreement, it could have a significant impact on our ability to identify and acquire additional opportunities.

We have limited resources to acquire additional potential product development assets and integrate them into our business. Acquisition opportunities may involve competition among several potential purchasers, which could include large multi-national pharmaceutical companies and other competitors that have access to greater financial resources than we do. We may face financial and operational risks and uncertainties in connection with any such future acquisitions. We may not be able to engage in future product acquisitions, and those we do complete may not be beneficial to us in the long term.

In addition, PCCA and our other pharmacist, physician and research consultants and advisors provide us with significant assistance in our evaluation of product development opportunities. These third parties generally engage in other business activities and may not devote sufficient time and attention to our research and development activities. If these third parties were to terminate their relationships with us, we may be unable to find other, equally qualified consultants and advisors on commercially reasonable terms or at all, and we may have significant difficulty evaluating potential opportunities and developing and commercializing our product candidates.

We may participate in strategic transactions that could impact our liquidity, increase our expenses and present significant distractions to our management.

From time to time we consider strategic transactions, such as out-licensing or in-licensing of compounds or technologies, acquisitions of companies and asset purchases. Additional potential transactions we may consider include a variety of different business arrangements, including strategic partnerships, joint ventures, spin-offs, restructurings, divestitures, business combinations and investments. In addition, another entity may pursue us or certain of our assets or aspects of our operations as an acquisition target. Any such transactions may require us to incur non-recurring or other charges, may increase our near and long-term expenditures, may pose significant integration challenges, and may require us to hire or otherwise engage personnel with additional expertise, any of which could harm our operations and financial results. Such transactions may also entail numerous other operational and financial risks, including, among others, exposure to unknown liabilities, disruption of our business and diversion of our management's time and attention in order to develop acquired products, product candidates or technologies or businesses.

As part of an effort to enter into any significant transaction, we must conduct business, legal and financial due diligence with the goal of identifying and evaluating material risks involved in the transaction. Despite our efforts, we may be unsuccessful in ascertaining or evaluating all such risks and, as a result, might not realize the expected benefits of any such transaction. If we fail to realize the expected benefits from any transaction we may complete, whether as a result of unidentified risks, integration difficulties, regulatory setbacks or other events, our business, results of operations and financial condition could be adversely affected. In addition, we may encounter difficulties and additional unexpected costs in combining the operations and personnel of any acquired businesses with our operations and personnel, or if we are unable to retain key employees of any acquired businesses.

We may be unable to successfully develop and commercialize our proprietary formulations, or develop and commercialize any other assets we may acquire.

Our future results of operations will depend to a significant extent upon our ability to successfully develop and commercialize in a timely manner any of the assets we have acquired or to which we will acquire rights in the future. We have entered into three asset purchase agreements for assets related to compoundable formulations since May 2013. We are currently pursuing development and commercialization opportunities with respect to certain of those formulations and we are in the process of assessing certain other assets in order to determine whether to pursue development or commercialization. In addition, we expect to consider the acquisition of additional intellectual property in the future. There are numerous difficulties inherent in acquiring, developing and commercializing new formulations and product candidates, including the risks identified elsewhere in these Risk Factors.

Once we determine to pursue a potential product candidate, we assess the commercialization strategy with respect to the product candidate. These commercialization strategies could include, among others, marketing and selling the formulation in compounded form through a network of compounding pharmacies, or pursuing FDA approval of the product candidate. We may incorrectly assess the risks and benefits of our commercialization options with respect to one or more formulations or technologies, and we may not pursue a successful commercialization strategy. If we are unable to successfully commercialize one or more of our proprietary formulations, our operating results would be adversely affected. Even if we are able to successfully sell one or more proprietary formulations, we may never recoup our investment. Our failure to identify and expend our resources on formulations and technologies with commercial potential and execute an effective commercialization strategy for each of our formulations would negatively impact the long-term profitability of our business.

We may need additional capital in order to continue operating our business, and such additional funds may not be available on acceptable terms or at all.

We do not generate any cash from operations and, although we believe we have sufficient cash reserves to operate our business for at least the next twelve months, we may spend our cash reserves faster than we expect and need significant additional capital to execute our business plan and fund our proposed business operations. If we pursue acquisitions of pharmacies or other strategic transactions or experience growth more quickly or on a larger scale than expected, we may be required to raise additional capital to fund these activities. We may seek to raise additional capital through, among other things, public and private equity offerings and debt financings. If we are unable to raise additional capital when necessary, we may be required to forego pursuit of potentially valuable product development opportunities and reduce our expenses and cash expenditures to a material extent, which would impair or delay our ability to execute our business plan

We have raised $21.5 million in funds through equity financings since April 2012. To the extent we require additional capital, we may fund our operations through additional equity and/or debt financings, and could also pursue funding from corporate partnerships or licensing arrangements or similar transactions. If additional capital is not available when necessary, we may not be able to continue to operate our business pursuant to our business plan or we may have to discontinue our operations entirely. If we issue equity or convertible debt securities to raise additional funds, our existing stockholders may experience substantial dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. In addition, if we raise additional funds through collaboration and licensing arrangements, we may be required to relinquish potentially valuable rights to our product candidates or proprietary technologies, or grant licenses on terms that are not favorable to us. If we raise funds by incurring debt, it may increase our leverage relative to our earnings or to our equity capitalization, requiring us to pay additional interest expenses. Obtaining commercial loans, assuming those loans would be available, would increase our liabilities and future cash commitments. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as options, convertible notes and warrants, which would adversely impact our financial results.

If we are unable to establish, train and maintain an effective sales and marketing infrastructure, we will not be able to commercialize our product candidates successfully.

We plan to build an internal sales and marketing infrastructure to implement our business plan. We may also engage third parties to provide sales and marketing services for us. We may not be able to secure sales personnel or organizations that are adequate in number or expertise to successfully market and sell our proprietary formulations and pharmacy services. If we are unable to establish our sales and marketing capability, train our sales force effectively or provide any other capabilities necessary to our business, we will need to contract with third parties to provide these services. In addition, we must train our employees on proper regulatory compliance. If we are unable to establish and maintain compliant and adequate sales and marketing capabilities, we may be unable to sell our formulations or services or generate revenue.

We may never obtain rights to any product candidates or receive any benefits under our License Agreement with PCCA.

Under our License Agreement with PCCA, PCCA has granted to us certain exclusive rights to PCCA's proprietary formulations, other technologies and data, and we have agreed to pay to PCCA certain royalties on net sales relating to the sale of certain future products. PCCA may terminate the License Agreement if we fail to commence efforts to research and develop at least one product opportunity provided to us by PCCA by February 29, 2016. Our rights under the License Agreement apply to development and commercialization opportunities within the prescription drug field and do not apply to compounding pharmacy activities. We may not be able to meet the requirements of the License Agreement within the required time periods or at all, particularly in light of our re-focused business strategy aimed at developing compounded formulations and our relationship with PCCA could be terminated. If we do commence clinical trials of any potential product candidates we obtain through PCCA, such product candidates may never be approved by the FDA. Even if we do develop and obtain approval to market and sell such product candidates, we may be unable to compete against the many products and treatments currently being offered or under development by other more established, well-known and well-financed health care and pharmaceutical companies, and that competition and our royalty obligations to PCCA may prevent us from recouping our investment in these product candidates.

We may be unable to demonstrate the safety and efficacy or obtain FDA regulatory approval to market and sell any product candidates for which we seek FDA approval.

We may choose to seek FDA regulatory approval to market and sell one or more of our proprietary formulations. The process of obtaining FDA approval to market and sell pharmaceutical products is costly, time consuming, uncertain and subject to unanticipated delays. If we choose to pursue FDA approval for one or more such product candidates, the FDA or other regulatory agencies may not approve any such product candidate on a timely basis or at all. Before obtaining regulatory approvals for the sale of any of our potential product candidates, we must demonstrate through preclinical studies and clinical trials that the product candidate is safe and effective for each intended use. Preclinical and clinical studies may fail to demonstrate the safety and effectiveness of our potential product candidates. Even promising results from preclinical and early clinical studies do not always accurately predict results in later, large scale trials. A failure to demonstrate safety and efficacy would result in our failure to obtain regulatory approvals. The outcome of the final analyses of clinical trial data may vary from our initial conclusions, or the FDA may not agree with our interpretation of such results or may challenge the adequacy of our clinical trial design or the execution of the clinical trial. Moreover, even if the FDA grants regulatory approval of a product candidate, the approval may be limited to specific therapeutic areas or limited with respect to its distribution, which could limit revenues.

Delays in the conduct or completion of any clinical and non-clinical trials for any product candidates for which we seek FDA approval, or the analysis of the data from our clinical or non-clinical trials, may adversely affect our business.

Clinical trials are very expensive, time consuming and difficult to design and implement. Even if the results of clinical trials are favorable, they may continue for several years and may take significantly longer than expected to complete. Delays in the commencement or completion of clinical testing could significantly affect our product development costs and business plan with respect to any product candidate for which we seek FDA approval. For example, we experienced significant difficulties and delays with respect to initiating our now-terminated former Phase 3 trial for Impracor. We do not know whether any other pre-clinical or clinical trials related to any product development candidates we may identify will begin in a timely basis or be completed on schedule, if at all. The commencement and completion of clinical trials can be delayed and experience difficulties for a number of reasons, including delays and difficulties related to:

- obtaining clearance from the FDA or its respective international regulatory equivalent to commence a clinical trial;
- failure of the FDA to approve the scope or design of our clinical or non-clinical trials or manufacturing plans;
- reaching agreement on acceptable terms with clinical research organizations, or CROs, clinical investigators and trial sites;
- obtaining institutional review board, or IRB, approval to initiate and conduct a clinical trial at a prospective site;
- insufficient supply or deficient quality of materials necessary for the performance of clinical or non-clinical trials;
- identifying, recruiting and training suitable clinical investigators;
- identifying, recruiting and enrolling subjects to participate in clinical trials;
- retaining patients who have initiated a clinical trial but may be prone to withdraw or who are lost to further follow-up;
- negative results of clinical or non-clinical studies; and
- adverse side effects experienced by trial subjects.

There may be circumstances other than the ones described above, including circumstances over which we may have no control, which could materially delay the successful completion of our clinical and non-clinical studies. Furthermore, we expect to rely on CROs to ensure the proper and timely conduct of our clinical trials, and while we expect to enter into agreements governing their committed activities, we have limited influence over their actual performance.

Although we may believe that we have planned and designed an adequate clinical trial program for any of our product candidates, the FDA could determine that it is not satisfied with our plan or the details of our clinical trial protocols and designs. Additionally, changes in applicable regulatory requirements and guidance may occur and we may need to amend clinical trial protocols to reflect these changes. Amendments may require us to resubmit our clinical trial protocols to IRBs for reexamination, which may impact the costs, timing or successful completion of a clinical trial. If we experience delays in completion of, or if we terminate, any of our clinical trials, the commercial prospects for our product candidates may be harmed, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

Even if we receive FDA approval to market and sell any potential product candidates, our efforts may not be successful and we may not recoup the costs associated with these development programs.

Even if we receive FDA approval to market and sell any product candidates for which we seek FDA approval, the market may not accept such products, or the market may be smaller than we anticipate. A number of factors may limit the market acceptance of any drug products we may pursue, including the timing of market entry relative to competitive products, the availability of alternative products, the price of our drug products relative to alternative products, the availability of third party reimbursement and the success of our sales and marketing efforts, either internally or by third party distributors or agents that we retain. Any such products may not receive market acceptance in a commercially viable period of time, if at all. We may not recover any investment we make in developing our product candidates. To the extent that we expend significant resources on research and development efforts and are not able, ultimately, to introduce successful new products as a result of those efforts, our business, financial position and results of operations may be materially adversely affected.

If we choose to pursue FDA approval for any of our formulations, we will need to rely on third parties to manufacture sufficient quantities of clinical materials for use in any pre-clinical and clinical trials, and any delays and problems with the manufacturing of our clinical materials would harm our business.

We may choose to pursue pre-clinical and clinical trials for certain proprietary formulations. We do not have the ability to manufacture the materials we may use in these pre-clinical and clinical trials. Rather, we would be required to rely on various third parties to manufacture these materials. Our third-party manufacturers may encounter delays and problems in manufacturing our investigational drug preparations and other materials associated with our clinical trials. For example, in August 2013, we experienced difficulties in obtaining suitable clinical materials for our planned Phase 3 clinical trial for Impracor, which was a significant factor in our decision to discontinue the clinical trial. If any third parties we rely upon in connection with the manufacturing of clinical materials do not provide materials in a timely manner, or if they otherwise breach their agreements with us, it may be difficult to replace their services quickly or at all. There may be long lead times to obtain materials. Commercially available starting materials, reagents, excipients, and other materials may become scarce, more expensive to procure, or not meet quality standards. We may not be able to identify, qualify and obtain prior regulatory approval for additional sources of clinical materials. If interruptions in our supply chain occur for any reason, including a decision by the third parties to discontinue manufacturing, technical difficulties, labor disputes, natural or other disasters, or a failure of the third parties to follow specifications or regulations, we may encounter difficulties in timely completing any clinical trials we pursue in the future, we may be unable to obtain regulatory approvals for any investigational drug preparations we may pursue in a timely manner and, ultimately, we may be unable to successfully commercialize these investigational drug preparations. If we are unable to have our clinical materials successfully manufactured by our current or any future contract manufacturer, we would be unable to initiate any clinical program.

We are dependent on third parties to conduct clinical trials and non-clinical studies of our drug formulations.

We do not employ personnel or possess the facilities necessary to conduct many of the activities associated with our non-clinical research activities or any clinical programs we may pursue in the future. We have engaged, and expect to continue to engage consultants, advisors, clinical research organizations ("CROs") and others to design, conduct, analyze and interpret the results of studies in connection with the research and development of our products. In addition, we expect to provide grants to physicians and other healthcare organizations to support investigator-initiated studies of our proprietary formulations. We will have only very limited contractual rights in connection with the conduct of any such studies. In addition, if we were to participate in clinical trials conducted under an approved investigator-sponsored investigational new drug application, correspondence and communication with the FDA pertaining to these trials would strictly be between the investigator and the FDA. The communication and information provided by the investigator may not be appropriate and accurate, and the investigator has the ultimate responsibility and final decision-making authority with respect to submissions to the FDA. This potential communication gap could result in reviews, audits, delays or clinical holds by the FDA that affect the timelines for these studies and potentially risk the completion of these trials. As a result, many important aspects of any studies of our proprietary formulations and clinical or non-clinical trials for any drug candidates we determine to pursue are outside of our direct control.

If the third parties we engage to perform these activities fail to devote sufficient time and resources to our studies, or if their performance is substandard, it would delay the introduction of our proprietary formulations to the market or the approval of our applications to regulatory agencies. Failure of these third parties to meet their obligations could adversely affect development of our proprietary formations and product candidates and as a result could have a material adverse effect on our business, financial condition and results of operations.

In the event that we successfully develop any FDA-approved product candidates into commercial drugs, we will be dependent on outside manufacturers to produce and supply these drugs and will have limited control of the manufacturing process.

In the event that we successfully develop any of our product candidates into commercially available FDA-approved products, we expect that third party manufacturers would manufacture all of these products. In that event, we would have a limited ability to control the manufacturing process, access to raw materials, the timing for delivery of finished products or costs related to this process. Any contract manufacturers with which we contract may not be able to produce finished products in quantities that are sufficient to meet demand, in a timely manner or at all, which could result in an inability to generate revenue from any such products. There may be delays in the manufacturing process over which we may have no control, including shortages of raw materials, labor disputes, backlog or failure to meet FDA standards. Increases in the prices we pay our manufacturers, interruptions in our supply of products or lapses in quality could adversely impact our financial condition. If we pursue the commercialization of any of our products as FDA-approved drugs, we will be reliant on the third-party manufacturers of those products to maintain their manufacturing facilities in compliance with FDA and other federal, state and/or local regulations, including health, safety and environmental standards. If they fail to maintain compliance with FDA or other critical regulations, they could be ordered to curtail operations, which would have a material adverse impact on our business, results of operations and financial condition. We would also expect to rely on outside manufacturers to assist us in the preparation of key documents such as drug master files and other relevant materials that are required by the FDA as part of the drug approval process and post-approval oversight. Failure by our outside manufacturers to properly prepare and retain these documents could cause delays in obtaining FDA approval of any drug candidates we may pursue in the future or impact our ability to continue to sell any drug candidates for which we are able to obtain approval.

If approved, failure to comply with continuing federal and state regulations could result in the loss of approvals to market our drugs.

Following initial FDA regulatory approval of any drugs we may develop, we would be subject to continuing regulatory review, including review of adverse drug experiences and clinical results that are reported after our drug products become commercially available. This would include results from any post-marketing tests or continued actions required as a condition of approval. The manufacturer and manufacturing facilities we use to make any of our drug preparations would be subject to periodic review and inspection by the FDA. If a previously unknown problem with a product or a manufacturing and laboratory facility used by us were to be discovered, the FDA could impose restrictions on that product or on the manufacturing facility, including requiring us to withdraw the product from the market. Any changes to product that may have achieved approval, including the way it is manufactured or promoted, often requires FDA approval before the product, as modified, can be marketed. In addition, we and our contract manufacturers would be subject to ongoing FDA requirements for submission of safety and other post-market information. If we or our contract manufacturers failed to comply with applicable regulatory requirements, a regulatory agency may, among other things, issue warning letters, impose civil or criminal penalties, suspend or withdraw regulatory approval, impose restrictions on our operations, close the facilities of our contract manufacturers, seize or detain products or require a product recall.

Regulatory review also covers a company's activities in the promotion of its drugs, with significant potential penalties and restrictions for promotion of drugs for an unapproved use. Sales and marketing programs are under scrutiny for compliance with various mandated requirements, such as illegal promotions to health care professionals. We are also required to submit information on our open and completed clinical trials to public registries and databases. Failure to comply with these requirements could expose us to negative publicity, fines and penalties that could harm our business.

If our patents are determined to be unenforceable or expire, or if we are unable to obtain new patents based on current or future patent applications, we may not be able to prevent others from using our intellectual property, which may influence our commitment to continue to fund the development of assets that have limited intellectual property protection.

Our success will depend in part on our ability to obtain and maintain patent protection for our formulations and technologies and prevent third parties from infringing upon our proprietary rights. We must also operate without infringing upon patents and proprietary rights of others, including by obtaining appropriate licenses to patents or proprietary rights held by third parties if necessary. We will only be able to protect our formulations and technologies from unauthorized use by third parties to the extent that valid and enforceable patents cover them. As of March 27, 2014, we have ten patent applications pending in the United States, including three utility patent applications and seven provisional patent applications. We expect to make significant investments in certain of our proprietary formulations prior to the grant of any patents covering these formulations. However, the applications we have filed or may file may never yield patents that protect our inventions and intellectual property assets. Failure to obtain patents for our formulations and technologies would limit our protection against other compounding pharmacies and outsourcing facilities, generic drug manufacturers, pharmaceutical companies and other parties who may seek to copy or otherwise produce products substantially similar to ours or use technologies substantially similar to those we own.

The patent and intellectual property positions of pharmacies and pharmaceutical companies, including ours, are uncertain and involve complex legal and factual questions. There is no guarantee that we have or will develop or obtain the rights to products or processes that are patentable, that patents will issue from any pending applications or that claims allowed will be sufficient to protect the technology we develop or have developed or that is used by us, our contract manufacturing organizations or our other service providers. In addition, we cannot be certain that patents issued to us will not be challenged, invalidated, infringed or circumvented, including by our competitors, or that the rights granted thereunder will provide competitive advantages to us.

We also rely on unpatented trade secrets and know-how and continuing technological innovation in order to develop our formulations, which we seek to protect, in part, by confidentiality agreements with our employees, consultants, collaborators and others. We also have invention or patent assignment agreements with our current employees and certain consultants. However, our employees and consultants may breach these agreements and we may not have adequate remedies for any breach, or our trade secrets may become known or be independently discovered by competitors. In addition, inventions relevant to us could be developed by a person not bound by an invention assignment agreement with us.

We may face additional competition outside of the U.S. as a result of a lack of patent coverage in some territories and differences in patent prosecution and enforcement laws in foreign counties.

Filing, prosecuting, defending and enforcing patents on our potential investigational drug preparations throughout the world is extremely expensive. While we have filed patent applications in many countries outside the U.S., and have obtained some patent coverage for Accudel™ and Impracor™ in Canada, we do not currently have patent protection, nor have we filed patent applications, outside of the U.S. that cover any of the product formulations we are currently pursuing. Competitors may use our technologies to develop their own products in jurisdictions where we have not obtained patent protection. These products may compete with ours and may not be covered by any of our patent claims or other intellectual property rights.

Even if we were to file international patent applications for any of our current or future proprietary formulations and patents were issued or approved, it is likely that the scope of protection provided by such patents would be different from, and possibly less than, the scope provided by corresponding U.S. patents. The success of our international market opportunity would be dependent upon the enforcement of patent rights in various other countries. A number of countries in which we could file patent applications have a history of weak enforcement and/or compulsory licensing of intellectual property rights. Moreover, the legal systems of certain countries, particularly certain developing countries, do not favor the aggressive enforcement of patents and other intellectual property protection, particularly those relating to biotechnology and/or pharmaceuticals, which would make it difficult for us to stop a party from infringing any of our intellectual property rights. Even if we have patents issued in these jurisdictions, our patent rights may not be sufficient to prevent generic competition or unauthorized use. Attempting to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

The use of our technologies could potentially conflict with the rights of others.

The preparation, use or sale of our proprietary formulations and technologies may infringe on the patent rights of others. If we are unable to avoid infringement of the patent rights of others, we may be required to seek a license, defend an infringement action or challenge the validity of the patents in court. Patent litigation is costly and time consuming and may divert management's attention and our resources. We may not have sufficient resources to bring these actions to a successful conclusion. In such case, we may be required to alter our products, pay licensing fees or cease activities. If our products conflict with patent rights of others, third parties could bring legal actions against us claiming damages and seeking to enjoin manufacturing and marketing of affected products. If these legal actions are successful, in addition to any potential liability for damages, we could be required to obtain a license in order to continue to manufacture or market the affected products. We may not prevail in any legal action and a required license under the patent may not available on acceptable terms, if at all.

If we are unable to attract and retain key personnel and consultants, we may be unable to maintain or expand our business.

We terminated all of our employees following our filing of the Chapter 11 Case. Since the dismissal of the Chapter 11 Case in December 2011, we have focused on rebuilding our management team and engaging consultants in order to begin operating our business. However, because of this history, we may have significant difficulty attracting and retaining necessary employees. In addition, because of the specialized scientific nature of our business, our ability to develop products and to compete will remain highly dependent, in large part, upon our ability to attract and retain qualified pharmacy, scientific, technical and commercial employees and consultants. The loss of key employees or consultants or the failure to recruit or engage new employees and consultants could have a material adverse effect on our business. There is intense competition for qualified personnel in our industry, and we may be unable to continue to attract and retain the qualified personnel necessary for the development of our business.

We depend upon consultants and outside contractors for key aspects of our business.

We are substantially dependent on consultants and other outside contractors for key aspects of our business, including our research and development activities. Our agreements with our consultants typically provide that the consultant may terminate the agreement on 30 day notice to us. If any of our consultants terminates their engagement with us, or we are unable to engage highly qualified consultants as necessary for our business, we may be unable to successfully execute our business plan. We must effectively manage these consultants to ensure that they successfully carry out their contractual obligations and meet expected deadlines. However, if we are unable to effectively manage our outsourced activities or if the quality or accuracy of the services provided by consultants is compromised for any reason, our development activities may be extended, delayed or terminated, and we may not be able to commercialize our formulations or advance our business. We may not be able to manage our existing consultants or find other competent outside contractors and consultants on commercially reasonable terms, or at all.

Our ability to generate revenues will be diminished if we fail to obtain acceptable prices or an adequate level of reimbursement from third-party payors.

Currently, Pharmacy Creations operates on a cash-pay basis and does not submit any claims for reimbursement through Medicare, Medicaid or other third party payors, although our customers may choose to seek available reimbursement opportunities to the extent that they exist. Although we expect to seek approval for Medicare and third party payor reimbursement for certain of our compounded formulations, we may be unsuccessful in these efforts. Many third party payors have imposed significant restrictions on reimbursement for compounded formulations in recent years. Even if we were to pursue FDA-approval for a particular product candidate, significant uncertainty exists as to the reimbursement status of newly approved health care products. We cannot be certain that the products will be considered cost effective and that reimbursement from insurance companies and other third-party payors will be available or, if available, will be sufficient to allow us to sell the products on a competitive basis.

Third party payors, including Medicare, are challenging the prices charged for medical products and services. Government and other third-party payors increasingly are attempting to contain health care costs by limiting both coverage and the level of reimbursement for new drugs and by refusing, in some cases, to provide coverage for uses of approved products for disease indications for which the FDA has not granted labeling approval. Third party insurance coverage may not be available to patients for any formulations or technologies we develop or commercialize. If government and other third-party payors do not provide adequate coverage and reimbursement levels for our formulations, the market acceptance for our formulations may be limited.

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

The healthcare industry is changing rapidly as consumers, governments, medical professionals and the pharmaceutical industry examine ways to broaden medical coverage while controlling the increase in healthcare costs. The Patient Protection and Affordable Care Act, or PPACA, and the Health Care and Education Reconciliation Act of 2010, which amended PPACA (collectively, the “Health Reform Law”), may have a considerable impact on the financing and delivery of health care and conceivably could have a material effect on our business. The Health Reform Law will result in sweeping changes to the existing U.S. system for the delivery and financing of health care. The details for implementation of many of the requirements under the Health Reform Law will depend on the promulgation of regulations by a number of federal government agencies. It is impossible to predict the outcome of these changes, what many of the final requirements of the Health Reform Law will be, and the net effect of those requirements on us. As such, we cannot predict the impact of the Health Reform Law on our business, operations or financial performance.

Because of their significant stock ownership, some of our existing stockholders will be able to exert control over us and our significant corporate decisions, and sales of common stock by management and members of our Board of Directors from time to time could have an adverse effect on our stock price.

Our executive officers and directors own or have the right to acquire within 60 days of March 27, 2014, in the aggregate, approximately 16% of the shares of common stock outstanding following such issuance to them. In addition, four individual stockholders own, or have the right to acquire within 60 days of March 27, 2014, an additional approximately 35% of our common stock. The sale of even a portion of these shares will likely have a material adverse effect on our stock price. In addition, these persons, acting together, have the ability to exercise significant influence over the outcome of all matters submitted to our stockholders for approval, including the election and removal of directors and any significant transaction involving us, as well as control our management and affairs. Since our stock ownership is concentrated among a limited number of holders and our Amended and Restated Certificate of Incorporation and Bylaws permit our stockholders to act by written consent, a limited number of stockholders may approve stockholder actions without holding a meeting of stockholders and could control the outcome of actions requiring stockholder approval. This concentration of ownership may harm the market price of our common stock by, among other things:

- delaying, deferring, or preventing a change in control of our company;
- impeding a merger, consolidation, takeover, or other business combination involving our company;
- causing us to enter into transactions or agreements that are not in the best interests of all stockholders; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our company.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results. As a result, current and potential stockholders could lose confidence in our financial reporting, which would harm our business.

Effective internal controls are necessary for us to provide reliable financial reports. If we cannot provide reliable financial reports, our operating results could be misstated, our reputation may be harmed and the trading price of our stock could be negatively affected. As we discuss in Item 9A of this Annual Report, in the fiscal year ended December 31, 2013, our management has concluded that our internal controls over financial reporting were effective as of December 31, 2013. However, our controls over financial processes and reporting may not continue to be effective, or we may identify material weaknesses or significant deficiencies in our internal controls in the future. Any failure to remediate any future material weaknesses or implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements or other public disclosures. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

A consistently active trading market for shares of our common stock may not be sustained.

Historically, trading in our common stock has been sporadic and volatile, and our common stock has been “thinly-traded”. There have been, and may in the future continue to be, extended periods when trading activity in our shares is minimal, as compared to a seasoned issuer with a large and steady volume of trading activity. The market for our common shares is also characterized by significant price volatility compared to seasoned issuers, and we expect that such volatility will continue. As a result, the trading of relatively small quantities of shares may disproportionately influence the market price of our common stock. It is possible that a consistently active and liquid trading market in our securities may never develop or be sustained.

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in response to various factors, many of which are beyond our control, including the following:

- changes in the pharmacy and pharmaceutical industry and markets;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- new competitors in our market;
- additions or departures of key personnel;
- limited “public float” in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock;
- sales of our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any material strategic relationships;
- industry or regulatory developments; or
- economic and other external factors.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We have the right to issue shares of preferred stock. If we were to issue preferred stock, it is likely to have rights, preferences and privileges superior to those of our common stock.

We are authorized to issue 5,000,000 shares of "blank check" preferred stock, with such rights, preferences and privileges as may be determined from time-to-time by our board of directors. Following the conversion of our Series A Preferred Stock on June 29, 2012, we have no shares of preferred stock issued and outstanding. Our board of directors is empowered, without stockholder approval, to issue preferred stock in one or more series, and to fix for any series the dividend rights, dissolution or liquidation preferences, redemption prices, conversion rights, voting rights, and other rights, preferences and privileges for the preferred stock. We have no immediate plans to issue shares of preferred stock. The issuance of shares of preferred stock, depending on the rights, preferences and privileges attributable to the preferred stock, could adversely reduce the voting rights and powers of the common stock and the portion of our assets allocated for distribution to common stock holders in a liquidation event, and could also result in dilution in the book value per share of the common stock we are offering. The preferred stock could also be utilized, under certain circumstances, as a method for raising additional capital or discouraging, delaying or preventing a change in control of the company.

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

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

The sale by our stockholders of substantial amounts of our common stock in the public market or upon the expiration of any statutory holding period, under Rule 144, or upon expiration of lock-up periods applicable to outstanding shares, or issued upon the exercise of outstanding options or warrants, could result create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. PROPERTIES

We lease approximately 3,784 square feet of office space in San Diego, California. The current lease term expires on September 30, 2016. This facility serves as our corporate headquarters.

We believe additional space will be required in the near-term as we expand our activities and hire new personnel. However, we do not currently foresee any significant difficulties in obtaining any required additional facilities.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY

Market Information

Our common stock began trading on The NASDAQ Capital Market on February 8, 2013 under the symbol "IMMY". Prior to that, our common stock was quoted for trading on several different over-the-counter quotation systems, including the OTC Marketplace Pink tier, where it was quoted from June 2011 until February 23, 2012, and OTC Marketplace QB tier, where it was quoted from February 24, 2012 until February 7, 2013.

The following table sets forth (a) the high and low last-bid prices for our common stock for the periods indicated prior to February 8, 2013, as reported by the OTC Marketplace Pink tier or the QB tier, as applicable, and (b) the high and low sale prices for our common stock on The NASDAQ Capital Market for the periods indicated commencing on February 8, 2013. The liquidity of our shares when quoted on the OTC Marketplace Pink tier and QB tier was extremely limited, and the quotations during those periods reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

Fiscal Year 2012	**High**	**Low**
First Quarter	$ 3.75	$ 0.50
Second Quarter	$ 4.98	$ 2.55
Third Quarter	$ 9.00	$ 3.00
Fourth Quarter	$ 15.25	$ 4.75

Fiscal Year 2013	**High**	**Low**
First Quarter	$ 9.75	$ 4.60
Second Quarter	$ 10.00	$ 5.57
Third Quarter	$ 8.59	$ 4.50
Fourth Quarter	$ 4.95	$ 3.01

Fiscal Year 2014	**High**	**Low**
Through March 27, 2014	$ 9.62	$ 3.30

Holders

As of March 27, 2014 we had approximately 160 stockholders of record (excluding an indeterminable number of stockholders whose shares are held in street or "nominee" name) of our common stock.

Dividends

We have not paid any dividends on our common stock since our inception and do not expect to pay dividends on our common stock in the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

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

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the related notes contained in this Annual Report. In addition to historical information, the following discussion contains forward-looking statements based upon current expectations and assumptions that are subject to risks and uncertainties. Actual results may differ substantially from those referred to in any forward-looking statements due to a number of factors, including but not limited to the risks described in the section entitled "Risk Factors" and elsewhere in this Annual Report on Form 10-K ("Annual Report").

As used in this discussion and analysis, unless indicated or the context requires otherwise, the terms "the Company", "Imprimis" "we", "us" and "our" refer to Imprimis Pharmaceuticals, Inc. and its consolidated subsidiaries.

On February 28, 2012, we changed our name from Transdel Pharmaceuticals, Inc. to Imprimis Pharmaceuticals, Inc. and we effected a one-for-eight reverse split of our authorized, issued and outstanding common stock. On February 7, 2013 we effected a one-for-five reverse split of our authorized, issued and outstanding common stock. The information in this discussion and analysis and the accompanying consolidated financial statements for the periods presented have been retroactively adjusted to reflect our current name and the effects of those reverse stock splits.

Overview

We are a company focused on meeting unmet patient needs through the development and commercialization of innovative proprietary sterile and topical drug formulations and technologies that are customized for patients. We expect to deliver our proprietary formulations to the market through one or more commercialization pathways, including through a network of compounding pharmacies that we seek to establish by acquisition or commercial relationships and/or, to the extent there is a reasonable development pathway, through traditional marketing and selling channels following U.S. Food and Drug Administration ("FDA") approval of a drug formulation. Our network of innovators includes inventive physicians and pharmacists who understand patient needs in clinical settings. Working collaboratively with inventors, we identify and evaluate intellectual property related to potential drug formulations and technologies, assess the relevant market, and seek to validate the clinical experience of development candidates outside of the inventor's medical or pharmacy practice before investing in commercialization activities. We have acquired formulations in ophthalmology, wound management and urology that we believe may offer competitive advantages over commercially available formulations, and are actively pursuing additional development opportunities.

Historically, our business has focused on developing, obtaining FDA approval for, and commercializing our topical pain management product candidate, Impracor™. After considering the totality of circumstances surrounding the development of and clinical trial requirements for Impracor, including certain manufacturing and formulation issues that we previously reported, in November 2013, we announced our discontinuation of the planned Phase 3 clinical trial for Impracor. During our 2013 fiscal year, we began re-focusing our business plan away from the development of Impracor and toward our current formulation and technology development and compounding pharmacy business model.

We have incurred recurring operating losses, have had negative operating cash flows and have not recognized any significant revenues since July 24, 1998 (inception). In addition, we have a deficit accumulated during the development stage of approximately $31.7 million at December 31, 2013. We have not generated sales revenue from any of our proprietary drug formulations and we expect to incur further losses as we continue the clinical development of our formulations and evaluate other programs. Our research and development activities are budgeted to expand over time, and we will require further capital resources to fund the continued operation of our business model for a long enough period to achieve profitable operations.

On February 28, 2012, we changed our name from Transdel Pharmaceuticals, Inc. to Imprimis Pharmaceuticals, Inc. All prior references to Transdel Pharmaceuticals, Inc. have been changed to Imprimis to reflect our current name. Unless the context otherwise requires, all references in this Report to "we," "us," "our," "the Company," or "Imprimis" refers to Imprimis Pharmaceuticals, Inc. and its subsidiaries.

On February 28, 2012, we effected a one-for-eight reverse split of our authorized, issued and outstanding common stock, and on February 7, 2013 we effected a one-for-five reverse split of our authorized, issued and outstanding common stock. The information in this Form 10-K and the accompanying consolidated financial statements for the periods presented have been retroactively adjusted to reflect the effects of those reverse stock splits.

Plan of Operations

Our operating plan for the next twelve months is focused on the development and commercialization of our proprietary ophthalmic formulations, establishing compounding pharmacy operations and the continued assessment of our non-ophthalmic formulations. We believe there are near-term opportunities for our ophthalmic formulations, and as a result we have started to build a commercialization team specifically for this specialized market.

We aim to develop a network of compounding pharmacies that deliver our proprietary compounded formulations to patients. On February 10, 2014, we entered into an agreement to acquire Pharmacy Creations, LLC, a New Jersey compounding pharmacy. We expect this transaction to close on April 1, 2014. Although we currently expect to operate Pharmacy Creations and establish a network of compounding pharmacies under Section 503A of the Federal Food, Drug and Cosmetic Act ("FDCA"), we could choose to register any facility we may acquire or establish as an outsourcing facility under Section 503B of the FDCA or partner with an existing outsourcing facility, particularly if the FDA were to establish a favorable regulatory environment for outsourcing facilities and adopt an expansive list of bulk drug substances that may be compounded in an outsourcing facility under Section 503B.

During 2014, we expect to focus our efforts on our U.S. commercial opportunities. However, we believe our proprietary drug formulations could have commercial appeal in other markets. We may choose to pursue commercialization of our proprietary formulations in selected international markets through licensing or collaborative arrangements with strategic partners.

Recent Developments

Public Offering

On February 13, 2013, we closed an underwritten public offering of 1,840,000 shares of our common stock at a per share price to the public of $5.25 (the "Public Offering"), and received net proceeds of approximately $8,140,000 after deducting underwriter fees and commissions and other offering expenses. The underwriters also exercised their option to purchase an additional 276,000 shares of common stock from the Company at $5.25 per share to cover over-allotments on March 14, 2013. Net cash proceeds from the exercise of the over-allotment were approximately $1,320,000. The shares issued upon the closing of the Public Offering and the exercise of the over-allotment were registered on a Registration Statement on Form S-1 (File No. 333-182846), which was declared effective by the SEC on February 7, 2013.

PCCA Strategic Alliance Agreement

On February 18, 2013, we entered into a Strategic Alliance Agreement with Professional Compounding Centers of America, Inc. ("PCCA"). The Strategic Alliance Agreement provides that, during its term, PCCA will not introduce any of PCCA's compounding pharmacy members or customers meeting certain criteria (the "Member/Customers") to any third party whereby such third party for such third party's license or acquisition of the intellectual property rights of such Member/Customer, without first presenting such an opportunity to us. PCCA may, but is not required to, present such opportunities to us, use reasonable efforts to facilitate an introductory meeting with the Member/Customer, and provide certain key technical assistance with any potential development project associated with the Member/Customer's intellectual property rights. In the event we and a Member/Customer introduced to us by PCCA enter into a commercial agreement for the license or acquisition of the intellectual property rights owned by the Member/Customer, PCCA will be entitled to receive certain cash fees up to an aggregate of $100,000, as well as a commission based on net sales, if any, generated by us as a result of the acquired intellectual property rights. The Strategic Alliance Agreement has a term of one year and will automatically extend for successive one year periods unless either party gives the other written notice of non-renewal.

Buderer Asset Purchase Agreement

On June 11, 2013, we acquired intellectual property rights related to certain proprietary innovations from the compounding pharmacy operations of Buderer Drug Company, Inc. ("Buderer") pursuant to an Asset Purchase Agreement (as amended, the "Buderer Agreement"), which was subsequently amended on October 21, 2013. The Buderer Agreement provides that Buderer will cooperate with us in obtaining patent protection for the acquired intellectual property and that we will use commercially reasonable efforts to research, develop and commercialize a product based on the acquired intellectual property. In addition, under the Buderer Agreement, we have acquired a right of first refusal on additional Buderer intellectual property and drug development opportunities.

In consideration for the acquisition, we are obligated to make the following payments to Buderer: (1) one payment payable within 30 days after the issuance of the first patent in the United States arising from the acquired intellectual property (if any); (2) one payment payable within 30 days after we file the first Investigational New Drug application ("IND") with the FDA for the first product arising from the acquired intellectual property (if any); and (3) certain royalty payments based on the net receipts received by us in connection with the sale or licensing of any product based on the acquired intellectual property (if any), after deducting (among other things) our development costs associated with such product.

If, after five years from the date of the Buderer Agreement, we have not initiated any study where data is derived or we have failed to generate royalty payments to Buderer for any product based on the acquired intellectual property, Buderer may terminate the Buderer Agreement and request that we re-assign the acquired technology to Buderer.

Novel Drug Solutions and Eye Care Northwest Asset Purchase Agreement

On August 8, 2013, we acquired intellectual property rights related to certain proprietary innovations from the compounding pharmacy operations of Novel Drug Solutions, LLC ("Novel") and from Eye Care Northwest, Inc. ("ECN") pursuant to an Asset Purchase Agreement (as amended, the "Novel/ECN Agreement"), which was subsequently amended on October 14, 2013. As part of this acquisition, we acquired intellectual property assets, including a provisional patent application related to injectable ophthalmological compositions having anti-bacterial and anti-inflammatory properties for the prevention of post-ophthalmic surgery complications. The Novel/ECN Agreement provides that Novel and ECN will cooperate with us in obtaining patent protection for the acquired intellectual property and that we will use commercially reasonable efforts to research, develop and commercialize a product based on the acquired intellectual property. In addition, under the Novel/ECN Agreement, we have acquired a right of first refusal on any of Novel's or ECN's additional intellectual property and drug development opportunities.

In consideration for the acquisition, we are obligated to make the following payments to Novel and ECN: (1) one payment payable within 30 days after the issuance of the first patent in the United States arising from the acquired intellectual property (if any); (2) one payment payable within 30 days after we file the first IND with the FDA for the first product arising from the acquired intellectual property (if any); (3) one payment payable within 30 days after we file the first New Drug application ("NDA") with the FDA for the first product arising from the acquired intellectual property (if any); and (4) certain royalty payments based on the net receipts received by us in connection with the sale or licensing of any product based on the acquired intellectual property (if any), after deducting (among other things) our development costs associated with such product.

If, after five years from the date of the Novel/ECN Agreement, we have not initiated any study where data is derived or we have failed to generate royalty payments to Novel and ECN for any product based on the acquired intellectual property, Novel and ECN may jointly terminate the Novel/ECN Agreement and request that we re-assign the acquired technology to Novel and ECN.

Novel Drug Solutions Asset Purchase Agreement

On October 8, 2013, we exercised our right of first refusal on Novel's intellectual property and drug development opportunities under the Novel/ECN Agreement and acquired intellectual property rights related to certain proprietary innovations from the compounding pharmacy research and development operations of Novel pursuant to an Asset Purchase Agreement (as amended, the "Novel Agreement"), which was subsequently amended on October 23, 2013. In the acquisition, we acquired compositions comprising one or more of epinephrine, Shugarcaine, phenylephrine, or lidocaine, in each case for use in the prevention or treatment of any disease, state or condition in humans, and we were assigned a provisional patent application related to the use of epinephrine compositions for intraocular administration and a provisional patent application related to pharmaceutical compositions, including those for ophthalmological applications, comprising epinephrine-based compounds, and to methods of preparing and using such compositions. The Novel Agreement provides that Novel will cooperate with us in obtaining patent protection for the acquired intellectual property and that we will use commercially reasonable efforts to research, develop and commercialize a product based on the acquired intellectual property.

In consideration for the acquisition, we are obligated to make the following payments to Novel: (1) one payment payable within 30 days after the issuance of the first patent in the United States arising from the acquired intellectual property (if any); (2) one payment payable within 30 days after the Company files the first IND with the FDA for the first product; (3) one payment payable within 30 days after we file the first NDA with the FDA for the first product (if any) arising from the acquired intellectual property (if any); and (4) certain royalty payments based on the net receipts received by us in connection with the sale or licensing of any product based on the acquired intellectual property (if any), after deducting (among other things) our development costs associated with such product.

If, after five years from the date of the Novel Agreement, we have either not filed an IND or failed to generate royalty payments to Novel for any product based on the acquired intellectual property, Novel may terminate the Agreement and request that we re-assign the acquired technology to Novel.

Pharmacy Creations Acquisition

On February 10, 2014, we entered into a Membership Interest Purchase Agreement (the "PC Purchase Agreement") to acquire all of the outstanding membership interests of Pharmacy Creations, LLC ("Pharmacy Creations") from J. Scott Karolchyk and Bernard Covalesky (the "Sellers", and such transaction, the "PC Acquisition"). The acquisition of Pharmacy Creations, a compounding pharmacy located in Randolph, New Jersey, permits us to make and dispense our proprietary drug formulations and other novel pharmaceutical solutions in those states in which Pharmacy Creations is authorized to operate. We expect to close the PC Acquisition on April 1, 2014.

Under the PC Purchase Agreement, we are obligated, at closing, to pay to the Sellers an aggregate cash purchase price of $600,000. In addition, the Sellers are entitled to receive additional contingent consideration upon the satisfaction of certain conditions, as follows:

- A contingent cash payment of $50,000, payable if Pharmacy Creations earns revenue of over $3,500,000 for the 12 month period ending March 31, 2015.
- A contingent stock payment of up to an aggregate of 215,910 shares of our common stock, issuable only if the following revenue milestones are met:
    - if Pharmacy Creations earns revenue of over $7,500,000 during the 12 month period ending March 31, 2016, all 215,190 shares;
    - if Pharmacy Creations earns revenue of between $3,500,000 and $7,500,000 during the 12 month period ending March 31, 2016, an aggregate of that number of shares of our common stock equal to the amount that such revenue exceeds $3,500,000 divided by 18.5882, rounded down to the lower whole number (not to exceed 215,190 shares).

Results of Operations

The following period to period comparisons of our financial results are not necessarily indicative of future results. In particular, much of our operational expenses during the periods covered by the following comparisons were incurred in connection with our development program for Impracor, which we have discontinued and do not expect to resume. As a result, our results of operations in the periods after those covered by the following comparisons, including aggregate revenue and expense amounts and the apportionment of expenses among categories, is expected to change. In addition, to the extent we pursue pharmacy acquisitions or other such transactions as we implement our plan of operations, we may experience infrequent or one-time expenditures in connection with effecting those transactions.

Comparisons of Years Ended December 31, 2013 and 2012

Revenues

For the year ended December 31, 2013 we recognized $10,000 in license revenues compared to $100,000 in license revenues recognized during the prior year. The revenues recognized in 2012 were non-refundable royalty advances unrelated to product sales, paid to us in December 2010 and April 2011 related to a license agreement with a third party. This agreement was terminated in January 2012, and we do not expect any other revenues to be recognized from it. Revenues recognized in 2013 are related to a license agreement we entered into with ResolutionMD, LLC granting that company certain rights under our Accudel delivery technology to be used for anti-cellulite formulations.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses include personnel costs including wages and stock-based compensation, and corporate facility, investor relations, consulting, insurance, filing fees, legal and accounting expenses.

The table below provides information regarding selling, general and administrative expenses.

	Year Ended December 31,		$
	2013	2012	Variance
Selling, general and administrative	$ 6,080,797	$ 2,980,374	$ 3,100,423

For the year ended December 31, 2013, there was an increase of $3,100,423 in selling, general and administrative expenses, as compared to the prior year. The increase in selling, general and administrative expenses is primarily due to the increase in our operations and activity during the year ended December 31, 2013 as compared to the prior year, and is largely attributable to the hiring and compensation of additional personnel, including management and appointments to the Board of Directors, investor relations activities and consultants, and fees associated with the listing of our common stock on The NASDAQ Capital Market. The increase in personnel, investor relations and consulting costs are primarily associated with an increase of $1,016,079 in stock-based compensation for the year ended December 31, 2013, as compared to the prior year.

Research and Development Expenses

Our research and development expenses primarily include expenses related to the development of intellectual property acquired through the Strategic Alliance Agreement with PCCA and our now-discontinued Impracor clinical program, including costs for our contract research organization. Also included are personnel costs including wages and stock-based compensation, and contract manufacturing, non-clinical studies, consulting and other costs related to those activities.

The table below provides information regarding research and development expenses.

	Year Ended December 31,		$
	2013	2012	Variance
Research and development	$ 1,616,082	$ 1,298,503	$ 317,579

For the year ended December 31, 2013, there was an increase of $317,579, in research and development expense as compared to the prior year. The increase was primarily related to costs incurred during the planning and development of our Impracor clinical program, and the hiring or engagement and compensation of additional personnel and consultants.

Interest Income

Interest income was $43,755 and $15,410, for the years ended December 31, 2013 and 2012, respectively. The increase was due to a higher average cash balance during fiscal year 2013, as compared to the prior year.

Interest Expense

Interest expense was $0 for the year ended December 31, 2013 and $24,658 for the year ended December 31, 2012. Certain 10% promissory notes with an aggregate principal amount of $750,000 issued between December 2011 and April 20, 2012 under a secured line of credit agreement (the "Line of Credit Agreement") with DermaStar International, LLC ("DermaStar") accounted for $12,534 of interest expense during the year ended December 31, 2012. The principal and interest owed to DermaStar was converted into shares of our common stock and warrants to acquire our common stock in April 2012. A 7.5% Convertible Note with a principal balance of $1,000,000 issued in April 2010 (the "Note") (and converted to shares of our common stock in February 2012) accounted for $12,124 of interest expense during the year ended December 31, 2012. See Note 5 to our consolidated financial statements in this Annual Report for more information.

Loss on Extinguishment of Debt

On January 25, 2012, we entered into separate waiver and settlement agreements with Alexej Ladonnikov, the holder of 20% of the Note and DermaStar, the holder of 80% of the Note. Pursuant to the terms of a waiver agreement, we and Mr. Ladonnikov agreed to the mandatory conversion of the twenty percent (20%) of the principal and accrued and unpaid interest of the Note held by Mr. Ladonnikov into our common stock at a conversion price of $0.60, at such time as we had a sufficient number of authorized common shares to effect such a conversion. Additionally, Mr. Ladonnikov agreed to make a one-time payment to us of $50,000 at the time of such conversion. On February 28, 2012, we received payment of $50,000 and issued 380,868 common shares to Mr. Ladonnikov as payment in full for his 20% ownership of the Note ($200,000) and its related accrued interest ($28,521). We determined this was a substantial modification to the debt instruments and applied debt extinguishment accounting to record a loss on extinguishment of debt of $150,000 ($200,000 Note principal balance less $50,000 cash payment) for the year ended December 31, 2012.

Pursuant to the terms of its waiver agreement with us, Derma Star agreed to the mandatory conversion of the 80% of the principal and accrued and unpaid interest of the Note held by Derma Star into shares of our common stock at a conversion price of $0.6667 ("Derma Star Conversion Price"), at such time as we had a sufficient number of authorized common shares to effect such a conversion. Additionally, Derma Star agreed to a mandatory conversion of an additional $56,087 in accounts payable of the Company ("AP Conversion") held by Derma Star, at such time as we had a sufficient number of authorized common shares and were able to convert the Note. The AP Conversion was made at the Derma Star Conversion Price. On February 28, 2012, we issued 1,454,962 common shares to Derma Star as payment in full for their 80% ownership of the Note ($800,000), its related accrued interest ($114,082) and $56,087 in accounts payable. We determined this was a substantial modification to the debt instrument and applied debt extinguishment accounting to record a loss on extinguishment of debt of $856,087 for the year ended December 31, 2012.

On April 20, 2012, Derma Star agreed to convert the promissory notes issued under a line of credit agreement and their related accrued interest, totaling $762,534, into 193,046 shares of our common stock and a related warrant to purchase up to an additional 48,262 shares of our common stock at an exercise price of $5.925 per share. We determined this to be a substantial modification to the debt instrument and applied debt extinguishment accounting to record a loss on extinguishment of debt of $189,323 for the year ended December 31, 2012.

Net Loss Attributable to Common Stockholders

Net loss attributable to common stockholders for the year ended December 31, 2013, was $7,643,124, or $(0.88) per basic and diluted share, compared to a net loss attributable to common stockholders for the year ended December 31, 2012 of $5,583,535, or $(1.24), respectively, per basic and diluted share.

Liquidity and Capital Resources

Our cash and cash equivalents on hand at December 31, 2013 was $15,579,309 as compared to $10,035,615 at December 31, 2012. The increase in cash and cash equivalents on hand is primarily attributable to approximately $9,460,000 in net proceeds received by us in February and March 2013 in connection with the Public Offering. Since inception through December 31, 2013, we have incurred aggregate losses to common stockholders of approximately $(31,700,000). These losses are primarily due to selling, general and administrative and research and development expenses incurred in connection with developing and seeking regulatory approval for our drug candidate, Impracor, which activities we have now discontinued. Historically, our operations have been financed through capital contributions and debt and equity financings.

Net Cash Flow

The following table provides detailed information about our net cash flows for the years ended December 31, 2013 and 2012.

Cash Flows (All amounts in U.S. dollars)	**For The Years Ended December 31,**	
	2013	**2012**
Net cash used in operating activities	$ (4,438,944)	$ (1,900,840)
Net cash used in investing activities	(70,003)	(15,492)
Net cash provided by financing activities	10,052,641	11,805,787
Net Increase in Cash and Cash Equivalents	5,543,694	9,889,455
Cash and Cash Equivalents at Beginning of the Year	10,035,615	146,160
Cash and Cash Equivalents at End of the Year	$ 15,579,309	$ 10,035,615

Operating Activities

Net cash used in operating activities was $4,438,944 for the year ended December 31, 2013, as compared to $1,900,840 used in operating activities during the prior year. The increase in net cash used in operating activities was mainly due to costs associated with building and expanding the operation of our business, including hiring additional employees, and the planning, development and preparation of our Impracor clinical program and Phase 3 trials.

Investing Activities

Net cash used in investing activities for the years ended December 31, 2013 and 2012 was $70,003 and $15,492, respectively. The increase in investing activities during year ended December 31, 2013 was due primarily to the purchase of a certificate of deposit required as collateral in connection with our corporate credit card agreement.

Financing Activities

Net cash provided by financing activities for the years ended December 31, 2013 and 2102 was $10,052,641 and $11,805,787, respectively. The cash provided by financing activities during the year ended December 31, 2013 is primarily attributable to aggregate proceeds received in February and March 2013 in connection with the Public Offering. We incurred offering costs of $596,281 in fiscal 2012 in connection with the Public Offering, which were offset against the proceeds received in fiscal 2013. The cash provided by financing activities during the year ended December 31, 2012 is primarily attributable to aggregate net proceeds of approximately $11,915,000 received from the issuance of common stock and warrants in private offerings to accredited investors in April and August 2012.

We expect to use our current cash position to pursue our business plan, including the development and commercialization of our current formulations and technologies and the integration and development of our proposed pharmacy operations, to pursue potential future asset and pharmacy acquisitions, and to otherwise fund our operations. If we are not able to generate significant revenues and attain profitable operations, we will need to seek additional financing, which could include equity or debt financing, funding from a corporate partnership or licensing arrangement or any similar financing transaction. In addition, estimates of our operating expenses and working capital requirements could be inaccurate, and we could be required to seek additional financing earlier than we anticipate.

We expect to require additional funds in order to commercialize our compounded drug formulations, pursue the acquisition of compounding pharmacies or outsourcing facilities, integrate and operate any acquired pharmacies or outsourcing facilities, conduct any clinical trials and any other studies that may be required to obtain FDA regulatory approval to market any potential product candidates, pursue additional development programs and explore other development opportunities. If adequate financing is not available, we may not be able to pursue some or all of those activities.

We may seek funds from equity or debt financings, corporate partnerships, licensing arrangements, or any other similar financing transaction. Any future financings through equity investments may be dilutive to existing stockholders. Also, the terms of securities we may issue in future capital transactions may be more favorable for our new investors. Newly issued securities may include preferences, or superior voting rights over our common stock, and may also include the issuance of warrants or other derivative securities, which may have additional dilutive effects on our existing stockholders. In addition, if we raise additional funds through collaboration or licensing arrangements, we may be required to relinquish potentially valuable rights to our product candidates or proprietary technologies or formulations, or grant licenses on terms that are not favorable to us. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which would adversely impact our financial results.

We may be unable to obtain financing when necessary as a result of, among other things, general economic conditions and conditions in the pharmaceuticals and pharmacy industries, or as a result of our operating history, including our past bankruptcy proceedings. In addition, the fact that we are not and have never been profitable could further impact the availability or cost to us of future financings. As a result, sufficient funds may not be available when needed from any source or, if available, such funds may not be available on terms that are acceptable to us. If we are unable to raise funds to satisfy our capital needs on a timely basis, then we may not be able to pursue any or all elements of our business plan and we may be required to cease operations.

As of the date of this Annual Report, we believe that cash and cash equivalents, and restricted investments of approximately $15.6 million at December 31, 2013, together with funds expected to be generated from pharmacy operations, will be sufficient to sustain our planned level of operations for at least the next 12 months. However, our plans for that period may change, or changed circumstances may result in the depletion of capital resources more rapidly than anticipated.

Critical Accounting Policies

We rely on the use of estimates and make assumptions that impact our financial condition and results. These estimates and assumptions are based on historical results and trends as well as our forecasts as to how results and trends might change in the future. Although we believe that the estimates we use are reasonable, actual results could differ from those estimates.

We believe that the accounting policies described below are critical to understanding our business, results of operations and financial condition because they involve more significant judgments and estimates used in the preparation of our consolidated financial statements. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and any changes in the different estimates that could have been used in the accounting estimates that are reasonably likely to occur periodically could materially impact our consolidated financial statements.

Our most critical accounting policies and estimates that may materially impact our results of operations include:

Stock-Based Compensation. All share-based payments to employees, including grants of employee stock options and restricted stock grants, to be recognized in the consolidated financial statements are based upon their fair values. We use the Black-Scholes-Merton option pricing model and Monte Carlo Simulation to estimate the grant-date fair value of share-based awards. Fair value is determined at the date of grant. The financial statement effect of forfeitures is estimated at the time of grant and revised, if necessary, if the actual effect differs from those estimates.

Our accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the Financial Accounting Standards Board (the “FASB”) guidance. As such, the value of the applicable stock-based compensation is periodically remeasured and income or expense is recognized during the vesting terms. The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor’s performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement. An asset acquired in exchange for the issuance of fully vested, nonforfeitable equity instruments should not be presented or classified as an offset to equity on the grantor’s balance sheet once the equity instrument is granted for accounting purposes. Accordingly, we record the fair value of nonforfeitable equity instruments issued for future consulting services as prepaid consulting fees in our consolidated balance sheets.

Income Taxes. As part of the process of preparing our consolidated financial statements, we must estimate our actual current tax liabilities together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within the balance sheet. We must assess the likelihood that the deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not likely, a valuation allowance must be established. To the extent we establish a valuation allowance or increase or decrease this allowance in a period, the impact will be included in the tax provision in the statement of operations.

*Research and Development***.** The Company expenses all costs related to research and development as they are incurred. Research and development expenses consist of expenses incurred in performing research and development activities including salaries and benefits, and other overhead expenses, clinical trials, contract services and outsource contracts.

Intellectual Property. The costs of acquiring intellectual property rights to be used in the research and development process, including licensing fees and milestone payments, are charged to research and development expense as incurred in situations where we have not identified an alternative future use for the acquired rights, and are capitalized in situations where it has identified an alternative future use. No costs associated with acquiring intellectual property rights have been capitalized to date. Costs of maintaining intellectual property rights are expensed as incurred.

Off-Balance Sheet Arrangements

Since our inception, except for standard operating leases, we have not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities. We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Recent Authoritative Guidance

See Note 2, "Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements for a discussion of recently issued authoritative guidance and its effect, if any, on us.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate sensitivity

We are exposed to market risks related to changes in interest rates. The primary objective of our investments in securities is to preserve principal. We do not purchase financial instruments for trading purposes. Our investment portfolio consists primarily of cash invested in money market funds. We classify our short-term restricted investment, which is a certificate of deposit as of December 31, 2013 as held-to-maturity. This held-to-maturity investment is subject to interest rate risk. Based on our current low yield, any decrease in interest rates is not likely to have a material effect on interest income.

As of December 31, 2013, approximately $14,600,000 of our cash and cash equivalents was maintained in money market funds. At times, deposits held with the financial institutions may exceed the amount of insurance provided by the Federal Deposit Insurance Corporation ("FDIC"), which provides deposit coverage with limits up to $250,000 per owner. At December 31, 2013, such uninsured deposits totaled approximately $15,300,000. Generally, these deposits may be redeemed upon demand and, therefore, are believed to bear minimal risk.

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents. However, we seek to mitigate the risk related to cash and cash equivalents by placing our cash and cash equivalents in money market funds and at financial institutions of high credit standing.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by this item are included in Part IV, Item 15 of this Report.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Vice President, Accounting and Public Reporting, of the effectiveness of our "disclosure controls and procedures" as of the end of the period covered by this report, pursuant to Rules 13a-15(b) and 15d-15(b) under the Securities Exchange Act of 1934, as amended.

In connection with that evaluation, our CEO and Vice President, Accounting and Public Reporting concluded that our disclosure controls and procedures were effective and designed to provide reasonable assurance that the information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms as of December 31, 2013. For the purpose of this review, disclosure controls and procedures means controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit is accumulated and communicated to management, including our principal executive officer, principal financial officer and principal accounting officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

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 defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, our CEO and Vice President, Accounting and Public Reporting and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Under the supervision and with the participation of the management, our CEO and Vice President, Accounting and Public Reporting, conducted an evaluation of the effectiveness of the internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations (COSO). Based on such evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2013.

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation requirements by our independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during our fourth fiscal quarter ended December 31, 2013, that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our CEO and Vice President, Accounting and Public Reporting, do not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

ITEM 9B. OTHER INFORMATION

On March 26, 2014, the Board of Directors approved the amendment and restatement of the Company's existing Bylaws. In addition to purely ministerial and other minor changes, the new Amended and Restated Bylaws include the following changes: (i) new sections were added to provide certain procedural requirements, as well as information and disclosure requirements, for advance notice of stockholder proposals and director nominations; and (ii) the Bylaws were amended to provide that other than as may be required by law, the Company's Certificate of Incorporation or the Bylaws, the required vote for approval of matters by stockholders shall be the majority of the votes cast on a matter.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information relating to our directors and executive officers that is required by this item is incorporated by reference from the information under the captions "Election of Directors," "Corporate Governance," "Board of Directors and Committees" and "Executive Officers" contained in our definitive proxy statement (the "Proxy Statement"), which will be filed with the Securities and Exchange Commission in connection with our 2014 Annual Meeting of Stockholders.

Additionally, information relating to reporting of insider transactions in Company securities is incorporated by reference from the information under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement.

Code of Business Conduct and Ethics

Our Board has adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees. The Code of Business Conduct and Ethics is available for review on our website at www.imprimispharma.com, and is also available in print, without charge, to any stockholder who requests a copy by writing to us at Imprimis Pharmaceuticals, Inc., 12626 High Bluff Dr., Suite 150, San Diego, CA 92130, Attention: Investor Relations. Each of our directors, employees and officers, including our Chief Executive Officer and Principal Financial Officer, and all of our other executive officers, are required to comply with the Code of Business Conduct and Ethics. There have not been any waivers of the Code of Business Conduct and Ethics relating to any of our executive officers or directors in the past year.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the information under the captions "Executive Compensation" and "Compensation Committee Interlocks and Insider Participation" and "Director Compensation" to be contained in the Proxy Statement.

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

The information required by this item is incorporated by reference to the information under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" to be contained in the Proxy Statement.

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

The information required by this item is incorporated by reference to the information under the captions "Certain Relationships and Related Party Transactions," "Director Independence" and "Board Committees" to be contained in the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the information under the caption "Fees for Independent Registered Public Accounting Firm" to be contained in the Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) List of the following documents filed as part of the report:

(1) See the index to our consolidated financial statements on page F-1 for a list of the financial statements being filed herein.

(2) All financial statement schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or other notes thereto.

(3) See the Exhibits under Item 15(b) below for all Exhibits being filed or incorporated by reference herein.

(b) Exhibits:

The Exhibit Index attached to this Report is incorporated by reference herein.

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.

IMPRIMIS PHARMACEUTICALS, INC.

By: */s/ Mark L. Baum*
Name: Mark L. Baum
Title: Chief Executive Officer (Principal Executive Officer)

Date: March 28, 2014

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

Signature	Title	Date
/s/ Andrew R. Boll Andrew R. Boll	Vice-President of Accounting and Public Reporting *(Principal Accounting and Financial Officer)*	March 28, 2014
/s/ Mark L. Baum Mark L. Baum	Chief Executive Officer and Director (*Principal Executive Officer*)	March 28, 2014
/s/ Robert J. Kammer Robert J. Kammer	Chairman of the Board of Directors	March 28, 2014
/s/ Peter C. Kenny Peter C. Kenny	Director	March 28, 2014
/s/ Stephen G. Austin Stephen G. Austin	Director	March 28, 2014
/s/ August S. Bassani August S. Bassani	Director	March 28, 2014

FINANCIAL STATEMENTS

Imprimis Pharmaceuticals, Inc.
(A Development Stage Company)

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Imprimis Pharmaceuticals, Inc. and subsidiary (a development stage company) (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2013 and for the period from July 24, 1998 (date of inception) through December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Imprimis Pharmaceuticals, Inc. and subsidiary as of December 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for each of the two years in the period ended December 31, 2013 and for the period from July 24, 1998 (date of inception) through December 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

/s/ KMJ Corbin & Company LLP

Costa Mesa, California
March 28, 2014

IMPRIMIS PHARMACEUTICALS, INC.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS

	December 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 15,579,309	$ 10,035,615
Restricted short-term investment	50,097	-
Prepaid expenses and other current assets	105,067	61,552
Deferred offering costs	-	596,281
Total current assets	15,734,473	10,693,448
Furniture and equipment, net	26,892	12,548
TOTAL ASSETS	$ 15,761,365	$ 10,705,996
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 311,924	$ 691,168
Accrued payroll and related liabilities	338,703	18,391
Total current liabilities	650,627	709,559
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common stock, $0.001 par value, 395,000,000 shares authorized, 8,970,364 and 6,772,066 shares issued and outstanding at December 31, 2013 and 2012, respectively	8,970	6,772
Additional paid-in capital	46,849,160	34,093,933
Deficit accumulated during the development stage	(31,747,392)	(24,104,268)
TOTAL STOCKHOLDERS' EQUITY	15,110,738	9,996,437
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 15,761,365	$ 10,705,996

The accompanying notes are an integral part of these consolidated financial statements

IMPRIMIS PHARMACEUTICALS, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012	For the Period From July 24, 1998 (Inception) through December 31, 2013
Revenues:			
License revenues	$ 10,000	$ 100,000	$ 110,000
Operating Expenses:			
Selling, general and administrative	6,080,797	2,980,374	18,634,498
Research and development	1,616,082	1,298,503	10,734,843
Loss from operations	(7,686,879)	(4,178,877)	(29,259,341)
Other income (expense):			
Interest expense	-	(24,658)	(1,730,892)
Interest income	43,755	15,410	186,746
Loss on extinguishment of debt	-	(1,195,410)	(1,195,410)
Gain on settlement	-	-	375,000
Gain on forgiveness of liabilities	-	-	176,505
Total other income (expense), net	43,755	(1,204,658)	(2,188,051)
Net loss	(7,643,124)	(5,383,535)	(31,447,392)
Deemed dividend to preferred stockholders	-	(200,000)	(300,000)
Net loss attributable to common stockholders	$ (7,643,124)	$ (5,583,535)	$ (31,747,392)
Net loss attributable to common stockholders per share of common stock, basic and diluted:	$ (0.88)	$ (1.24)	
Weighted average number of shares of common stock outstanding, basic and diluted	8,656,822	4,493,535	

The accompanying notes are an integral part of these consolidated financial statements

IMPRIMIS PHARMACEUTICALS, INC.
(Development Stage Company)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended December 31, 2013 and 2012 and for the period from June 24, 1998 (Inception) through December 31, 2013

	Preferred Stock		Common Stock		Additional	Deficit accumulated	Total
	Shares	Par Value	Shares	Par Value	Paid-in Capital	during the development stage	Stockholders' Equity
Balance at June 24, 1998 (Inception)	-	$ -	-	$ -	$ -	$ -	$ -
Estimated fair value of services contributed by stockholders	-	-	-	-	100,000	-	100,000
Net loss	-	-	-	-	-	(100,000)	(100,000)
Balance at December 31, 1998	-	-	-	-	100,000	(100,000)	-
Estimated fair value of services contributed by stockholders	-	-	-	-	200,000	-	200,000
Net loss	-	-	-	-	-	(204,000)	(204,000)
Balance at December 31, 1999	-	-	-	-	300,000	(304,000)	(4,000)
Issuance of common stock at $0.256 per share in May and June 2000	-	-	23,437	23	5,977	-	6,000
Estimated fair value of services contributed by stockholders	-	-	-	-	200,000	-	200,000
Net loss	-	-	-	-	-	(213,092)	(213,092)
Balance at December 31, 2000	-	-	23,437	23	505,977	(517,092)	(11,092)
Estimated fair value of services contributed by stockholders	-	-	-	-	200,000	-	200,000
Net loss	-	-	-	-	-	(208,420)	(208,420)
Balance at December 31, 2001	-	-	23,437	23	705,977	(725,512)	(19,512)
Estimated fair value of services contributed by stockholders	-	-	-	-	200,000	-	200,000
Net loss	-	-	-	-	-	(228,217)	(228,217)
Balance at December 31, 2002	-	-	23,437	23	905,977	(953,729)	(47,729)
Estimated fair value of services contributed by stockholders	-	-	-	-	200,000	-	200,000
Net loss	-	-	-	-	-	(207,196)	(207,196)
Balance at December 31, 2003	-	-	23,437	23	1,105,977	(1,160,925)	(54,925)
Estimated fair value of services contributed by stockholders	-	-	-	-	400,000	-	400,000
Net loss	-	-	-	-	-	(508,226)	(508,226)
Balance at December 31, 2004	-	-	23,437	23	1,505,977	(1,669,151)	(163,151)
Capital contributions	-	-	-	-	14,200	-	14,200
Issuance of common stock at $0.256 per share in August 2005	-	-	61,328	61	15,639	-	15,700
Exercise of stock options at $0.256 per share in August 2005	-	-	390	1	99	-	100
Estimated fair value of services contributed by stockholders	-	-	-	-	400,000	-	400,000
Net loss	-	-	-	-	-	(539,622)	(539,622)
Balance at December 31, 2005	-	-	85,155	85	1,935,915	(2,208,773)	(272,773)
Capital contributions	-	-	-	-	48,600	-	48,600
Exercise of stock options at $0.256 per share in June and July 2006	-	-	9,375	9	2,391	-	2,400
Estimated fair value of services contributed by stockholders	-	-	-	-	400,000	-	400,000
Net loss	-	-	-	-	-	(584,232)	(584,232)
Balance at December 31, 2006	-	-	94,530	94	2,386,906	(2,793,005)	(406,005)
Issuance of common stock at $0.256 per share during January and March 2007	-	-	99,609	100	25,400	-	25,500
Exercise of stock options and warrants at $0.256 per share in April and August 2007	-	-	976	1	249	-	250
Estimated fair value of services contributed by stockholders	-	-	-	-	175,000	-	175,000
Capital contributions	-	-	-		105,907	-	105,907
Forgiveness of notes payable and interest	-	-	-	-	241,701	-	241,701

Issuance of restricted common stock at $80.00 per share in August 2007	-	-	4,882	5	(5)	-	-
Issuance of common stock in connection with merger on September 17, 2007	-	-	46,249	46	(46)	-	-
Net proceeds from private placement offering issued at $100,000 per unit in September and October 2007	-	-	51,795	52	3,837,739	-	3,837,791
Issuance of common stock related to conversion of senior convertible notes payable and accrued interest	-	-	38,254	38	1,530,139	-	1,530,177
Beneficial conversion feature upon conversion of senior convertible notes payable	-	-	-	-	1,530,177	-	1,530,177
Issuance of common stock and warrants for consulting services in September 2007 at a value of $80.00 per share for stock transaction and $100,000 per unit for stock and warrant transaction	-	-	6,875	7	549,993	-	550,000
Stock-based compensation	-	-	-	-	184,522	-	184,522
Net loss	-	-	-	-	-	(4,284,540)	(4,284,540)
Balance at December 31, 2007	-	-	343,170	343	10,567,682	(7,077,545)	3,490,480
Net proceeds from private placement offering issued at $110,000 per unit in May 2008 and final costs of 2007 private placement offering	-	-	45,454	45	3,941,256	-	3,941,301
Adjustment and issuance of common stock, warrant and stock options related to consulting services agreement	-	-	(347)	-	(117,993)	-	(117,993)
Issuance of restricted stock at $28.00 per share in November 2008	-	-	625	1	(1)	-	-
Stock-based compensation	-	-	-	-	562,442	-	562,442
Net loss	-	-	-	-	-	(3,304,388)	(3,304,388)
Balance at December 31, 2008	-	-	388,902	389	14,953,386	(10,381,933)	4,571,842
Issuance of common stock and stock options related to consulting agreements	-	-	1,144	1	121,454	-	121,455
Exercise of stock options at $39.60 per share August 2009	-	-	1,250	1	49,499	-	49,500
Stock-based compensation	-	-	-	-	388,050	-	388,050
Net loss	-	-	-	-	-	(4,553,636)	(4,553,636)
Balance at December 31, 2009	-	-	391,296	391	15,512,389	(14,935,569)	577,211
Issuance of common stock and stock options related to consulting agreements	-	-	5,750	6	367,894	-	367,900
Issuance of restricted stock at $32.00 per share in October 2010	-	-	1,250	1	(1)	-	-
Stock-based compensation	-	-	-	-	547,895	-	547,895
Net loss	-	-	-	-	-	(2,531,228)	(2,531,228)
Balance at December 31, 2010	-	-	398,296	398	16,428,177	(17,466,797)	(1,038,222)
Forfeiture of unvested restricted stock in May 2011	-	-	(781)	-	3,332	-	3,332
Issuance of Series A Preferred Stock at $10,000 per share in December 2011	10	-	-	-	100,000	-	100,000
Preferred stock beneficial conversion feature	-	-	-	-	100,000	-	100,000
Accretion of preferred stock discount	-	-	-	-	-	(100,000)	(100,000)
Estimated fair value of stock options granted to former employees in forgiveness of liabilities	-	-	-	-	11,400	-	11,400
Stock-based compensation	-	-	-	-	177,421	-	177,421
Net loss	-	-	-	-	-	(953,936)	(953,936)
Balance at December 31, 2011	10	-	397,515	398	16,820,330	(18,520,733)	(1,700,005)
Loss from modification and extinguishment of debt	-	-	-	-	1,245,410	-	1,245,410
Conversion of convertible note at $0.68 per common share in February 2012	-	-	1,835,830	1,836	1,196,854	-	1,198,690
Round lot adjustment for reverse stock split, February 2012	-	-	1,402	1	(1)	-	-
Line of Credit conversion in April 2012 into common stock and warrant units at $3.95 per unit	-	-	193,046	193	762,341	-	762,534
April Private Placement, issuance of common stock and warrant units at $3.95 per unit, net of costs, in April 2012	-	-	2,011,691	2,011	7,931,834	-	7,933,845
Series A Preferred Stock conversion in June 2012	(10)	-	1,499,700	1,500	(1,500)	(200,000)	(200,000)

PCCA Purchase Agreement, sale of common stock at $4.80 per share, net of costs, in August 2012	-	-	832,682	833	3,981,253	-	3,982,086
Exercise of stock options	-	-	200	-	800	-	800
Stock-based compensation	-	-	-	-	2,156,612	-	2,156,612
Net loss	-	-	-	-	-	(5,383,535)	(5,383,535)
Balance at December 31, 2012	-	-	6,772,066	6,772	34,093,933	(24,104,268)	9,996,437
Cancelled common stock at $5.25 per share related to reverse stock split, February 2013	-	-	(35)	-	(191)	-	(191)
Public offering of common stock at $5.25 per share, net of costs of $596,281, in February and March 2013	-	-	2,116,000	2,116	9,454,435	-	9,456,551
Cashless exercise of stock options	-	-	219	-	-	-	-
Issuance of common stock related to consulting agreements	-	-	40,000	40	282,957	-	282,997
Stock-based compensation	-	-	2,114	2	3,018,066	-	3,018,068
Issuance of common stock upon vesting of RSUs	-	-	40,000	40	(40)	-	-
Net loss	-	-	-	-	-	(7,643,124)	(7,643,124)
Balance at December 31, 2013	-	$ -	8,970,364	$ 8,970	$46,849,160	$ (31,747,392)	$ 15,110,738

The accompanying notes are an integral part of these consolidated financial statements

IMPRIMIS PHARMACEUTICALS, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012	For the Period From July 24, 1998 (Inception) through December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (7,643,124)	$ (5,383,535)	$ (31,447,392)
Adjustments to reconcile net loss to net cash used in operating activities:			
Estimated fair value of contributed services	-	-	2,475,000
Gain on forgiveness of liabilities	-	-	(176,505)
Amortization of prepaid consulting fees	293,138	-	1,100,746
Depreciation	5,659	2,944	11,757
Loss on extinguishment of debt	-	1,195,410	1,195,410
Non-cash interest on notes payable	-	24,658	1,730,892
Stock-based compensation	2,841,835	2,156,612	7,127,263
Payments made on behalf of Company by related party	-	-	254,142
Changes in assets and liabilities:			
Prepaid expenses and other current assets	(16,964)	(46,755)	(218,516)
Accounts payable and accrued expenses	(239,800)	231,435	412,032
Accrued payroll and related liabilities	320,312	18,391	425,294
Deferred revenue	-	(100,000)	-
NET CASH USED IN OPERATING ACTIVITIES	(4,438,944)	(1,900,840)	(17,109,877)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of restricted short-term investment	(50,000)	-	(50,000)
Purchases of furniture and equipment	(20,003)	(15,492)	(38,649)
NET CASH USED IN INVESTING ACTIVITIES	(70,003)	(15,492)	(88,649)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for cancelled common stock	(191)	-	(191)
Proceeds from issuance of notes payable to a related party	-	450,000	976,300
Proceeds received in connection with debt modification	-	50,000	50,000
Proceeds from issuance of preferred stock	-	-	100,000
Proceeds from notes payable	-	-	2,500,000
Preferred stock deemed dividend paid at conversion	-	(200,000)	(200,000)
Cash advances from related party	-	-	27,537
Repayment of advances from related party	-	-	(281,679)
Capital contributions	-	-	168,707
Net proceeds from purchase of common stock and exercise of warrants and stock options	-	800	100,250
Proceeds from issuance of common stock and warrants for cash, net of offering costs	10,052,832	11,504,987	29,336,911
NET CASH PROVIDED BY FINANCING ACTIVITIES	10,052,641	11,805,787	32,777,835
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,543,694	9,889,455	15,579,309
CASH AND CASH EQUIVALENTS, beginning of period	10,035,615	146,160	-
CASH AND CASH EQUIVALENTS, end of period	$ 15,579,309	$ 10,035,615	$ 15,579,309
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for income taxes	$ 1,600	$ 1,600	$ 13,600
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Issuance of and adjustment to common stock and warrants to consulting firms for prepaid consulting fees	$ 319,786	$ -	$ 751,793
Deferred offering costs in connection with equity offering recorded in accounts payable	$ -	$ 185,337	$ -
Conversion of related party accounts payable into common stock	$ -	$ 56,087	$ 56,087
Conversion of notes payable and accrued interest into common stock	$ -	$ 1,905,137	$ 3,435,314
Forgiveness of notes payable and accrued interest to shareholders	$ -	$ -	$ 241,701
Conversion of advances to notes payable to shareholders	$ -	$ -	$ 196,300
Accretion of preferred stock discount	$ -	$ -	$ 100,000
Related party acquisition of Phase 3 liabilities	$ -	$ -	$ 56,087
Conversion of preferred stock into common stock	$ -	$ 1,500	$ 1,500
Reclassification of deferred offering costs to additional paid-in capital in connection with equity offering	$ 596,281	$ -	$ 596,281
Issuance of common stock for consulting services	$ 139,444	$ -	$ 139,444

previously included in accounts payable and accrued expenses

The accompanying notes are an integral part of these consolidated financial statements

NOTE 1. ORGANIZATION

Imprimis Pharmaceuticals, Inc. ("Imprimis" or the "Company") is a company focused on meeting unmet patient needs through the development and commercialization of innovative proprietary sterile and topical drug formulations and technologies that are customized for patients. The Company expects to deliver its proprietary formulations to the market through one or more commercialization pathways, including through a network of compounding pharmacies that it seeks to establish by acquisition or commercial relationships and/or, to the extent there is a reasonable development pathway, through traditional marketing and selling channels following U.S. Food and Drug Administration approval of a drug formulation. The Company's network of innovators includes inventive physicians and pharmacists who understand patient needs in clinical settings. Working collaboratively with inventors, we identify and evaluate intellectual property related to potential drug formulations and technologies, assess the relevant market, and seek to validate the clinical experience of a development candidate outside of the inventor's medical or pharmacy practice before investing in commercialization activities. The Company has acquired formulations in ophthalmology, wound management and urology that it believes may offer competitive advantages over commercially available formulations, and is actively pursuing additional development opportunities.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

On February 28, 2012, the Company changed its name from Transdel Pharmaceuticals, Inc. to Imprimis Pharmaceuticals, Inc. All references to Transdel Pharmaceuticals, Inc. have been changed to Imprimis Pharmaceuticals, Inc. to reflect the Company's current name. On February 28, 2012, the Company effected a one-for-eight reverse stock split and on February 7, 2013, the Company effected a one-for-five reverse stock split. All share and per share amounts in these consolidated financial statements and notes reflect the effects of these reverse stock splits.

Imprimis has prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

On September 17, 2007, Imprimis entered into an Agreement of Merger and Plan of Reorganization (the "Merger Agreement") by and among Imprimis, Transdel Pharmaceuticals Holdings, Inc., a privately held Nevada corporation ("Transdel Holdings"), and Trans-Pharma Acquisition Corp., a newly formed, wholly-owned Delaware subsidiary of Imprimis ("Acquisition Sub"). Upon closing of the merger transaction contemplated under the Merger Agreement (the "Merger"), Acquisition Sub merged with and into Transdel Holdings, and Transdel Holdings, as the surviving corporation, became a wholly-owned subsidiary of Imprimis. As a result of the Merger, the former owners of Transdel Holdings became the controlling stockholders of Imprimis. Accordingly, the merger of Transdel Holdings and Imprimis is a reverse merger that has been accounted for as a recapitalization of Transdel Holdings.

Effective on September 17, 2007, and for all reporting periods thereafter, Imprimis' operating activities, including any prior comparative period, include only those of Transdel Holdings. All references to share and per share amounts in the accompanying consolidated financial statements and notes have been restated to reflect the aforementioned Merger. All significant intercompany accounts and transactions have been eliminated in consolidation.

On June 20, 2011, Transdel Holdings was merged with Imprimis Pharmaceuticals, Inc., at which time Transdel Holdings ceased as a corporation, and Imprimis Pharmaceuticals, Inc. remains as the sole surviving corporation.

Development Stage Enterprise

The Company is a development stage company as defined under Financial Accounting Standards Board ("FASB") guidance. All losses accumulated since inception have been considered as part of the Company's development stage activities.

These consolidated financial statements contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is a development stage enterprise and has incurred recurring operating losses, has had negative operating cash flows and has not recognized any significant revenues since July 24, 1998 (Inception). In addition, the Company has a deficit accumulated during the development stage of approximately $31.7 million at December 31, 2013, and anticipates incurring further losses in the 2014 fiscal year. The Company has not yet generated significant sales revenue and has funded its operating losses to date through debt and equity offerings and borrowings under a prior line of credit. The Company believes that its existing cash and cash equivalents will be sufficient to cover its cash flow requirements for at least the next twelve months.

Research and Development

The Company expenses all costs related to research and development as they are incurred. Research and development expenses consist of expenses incurred in performing research and development activities including salaries and benefits, and other overhead expenses, and costs related to clinical trials, contract services and outsourced contracts.

Intellectual Property

The costs of acquiring intellectual property rights to be used in the research and development process, including licensing fees and milestone payments, are charged to research and development expense as incurred in situations where we have not identified an alternative future use for the acquired rights, and are capitalized in situations where we have identified an alternative future use. No costs associated with acquiring intellectual property rights have been capitalized to date. Costs of maintaining intellectual property rights are expensed as incurred.

Revenue Recognition and Deferred Revenue

The Company will recognize revenues when all of the following criteria have been met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. The Company believes it will not generate significant revenues until the Company is able to commercialize one or more of its compounded formulations, which will require, among other things, effective sales and marketing support.

Product Revenues

Determination of criteria (3) and (4) will be based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments will be provided for in the same period the related sales are recorded. The Company will defer any revenue for which the product has not been delivered or for which services have not been rendered or are subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or services have been rendered or no refund will be required.

License Revenues

License arrangements may consist of non-refundable upfront license fees, data transfer fees, research reimbursement payments, exclusive licensed rights to patented or patent pending compounds, technology access fees, and various performance or sales milestones. These arrangements can be multiple element arrangements.

Non-refundable, up-front fees that are not contingent on any future performance by us, and require no consequential continuing involvement on our part, are recognized as revenue when the license term commences and the licensed data, technology and/or compound is delivered. Such deliverables may include physical quantities of compounds, design of the compounds and structure-activity relationships, the conceptual framework and mechanism of action, and rights to the patents or patents pending for such compounds. We defer recognition of non-refundable upfront fees if we have continuing performance obligations without which the technology, right, product or service conveyed in conjunction with the non-refundable fee has no utility to the licensee that is separate and independent of our performance under the other elements of the arrangement. In addition, if we have required continuing involvement through research and development services that are related to our proprietary know-how and expertise of the delivered technology, or can only be performed by us, then such up-front fees are deferred and recognized over the period of continuing involvement. Guaranteed minimum annual royalties are recognized on a straight-line basis over the applicable term.

During the year ended December 31, 2013, the Company recorded $10,000, in revenues, for non-refundable royalty advances. In January 2013, the Company entered into a license agreement with ResolutionMD, LLC granting ResolutionMD, LLC rights to its Accudel delivery technology to be used for anti-cellulite formulations. Under the license agreement, the Company received $10,000 as a guaranteed minimum royalty amount for fiscal 2013 and, if applicable, additional royalty payments based on a percent (generally, 5%-7%) of net sales of any products covered under the license agreement. The Company did not earn or receive additional royalties in 2013. The license agreement with ResolutionMD, LLC, unless terminated earlier, has a term of ten years following the first commercial sale of a product that is covered under the license agreement.

During the year ended December 31, 2012, the Company recorded $100,000 in revenues for non-refundable royalty advances under a license agreement that was terminated in January 2012, which amounts were received in December 2010 and April 2011 and recorded as deferred revenue.

Income Taxes

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") 740, "Income Taxes", or ASC 740. As of December 31, 2013, there were no unrecognized tax benefits included in the consolidated balance sheets that would, if recognized, affect the effective tax rate. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties in its consolidated balance sheets at December 31, 2013 and 2012, and has not recognized interest and/or penalties in the consolidated statements of operations for the years ended December 31, 2013 and 2012. The Company is subject to taxation in the United States and California. The Company's tax years for 2000 and forward are subject to examination by the federal and state tax authorities due to the carry forward of unutilized net operating losses.

Cash and Cash Equivalents

Cash equivalents include short-term, highly liquid investments with maturities of three months or less at the time of acquisition.

Concentrations of Credit Risk

The Company places its cash with financial institutions deemed by management to be of high credit quality. The Federal Deposit Insurance Corporation ("FDIC") provides basic deposit coverage with limits to $250,000 per owner. At December 31, 2013, the Company had approximately $15.3 million in cash deposits in excess of FDIC limits.

Deferred Offering Costs

On July 25, 2012, the Company filed with the Securities and Exchange Commission a registration statement on Form S-1 (as amended, the "Registration Statement") in connection with an underwritten public offering of its common stock (the "Public Offering"). At December 31, 2012, the Company had deferred offering costs of $596,281 for legal, accounting and other expenses directly related to the Public Offering. The Public Offering closed on February 13, 2013 (see Note 6), and these deferred offering costs and any other costs directly associated with the Public Offering subsequent to December 31, 2012 were netted against the cash proceeds to the Company arising from the Public Offering. As a result, there were no deferred offering costs at December 31, 2013.

Furniture and Equipment

Furniture and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over an estimated useful life ranging from three to five years. During the years ended December 31, 2013 and 2012, the Company recorded depreciation expense of $5,659 and $2,944, respectively.

Deferred Rent

The Company accounts for rent expense related to its operating leases by determining total minimum rent payments on the leases over their respective periods and recognizing the rent expense on a straight-line basis. The difference between the actual amount paid and the amount recorded as rent expense in each fiscal year is recorded as an adjustment to deferred rent.

Fair Value Measurements

Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The established fair value hierarchy prioritizes the use of inputs used in valuation methodologies into the following three levels:

- Level 1: Applies to assets or liabilities for which there are quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price in an active market provides the most reliable evidence of fair value and must be used to measure fair value whenever available.

- Level 2: Applies to assets or liabilities for which there are significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3: Applies to assets or liabilities for which there are significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. For example, level 3 inputs would relate to forecasts of future earnings and cash flows used in a discounted future cash flows method.

At December 31, 2013 and 2012, the Company did not have any financial assets or liabilities which are measured on a recurring basis. At December 31, 2013 and 2012, the Company's financial instruments include cash and cash equivalents, a restricted short-term investment, accounts payable and accrued expenses, and accrued payroll and related liabilities. The carrying amount of these financial instruments, except for the restricted short-term investment, approximates fair value due to the short-term maturities of these instruments. The Company's restricted short-term investment is carried at amortized cost which approximates fair value.

Beneficial Conversion Features and Debt Discounts

The convertible features of debt can provide for a rate of conversion that is below market value. Such feature is normally characterized as a "beneficial conversion feature" ("BCF"). The relative fair values of the BCF were recorded as discounts from the face amount of the applicable debt instrument. The Company amortized the discount using the effective interest method through maturity of such instruments.

Stock-Based Compensation

All stock-based payments to employees and consultants, including grants of stock options, warrants, restricted stock units ("RSUs") and restricted stock, are recognized in the consolidated financial statements based upon their fair values. The Company uses the Black-Scholes-Merton option pricing model and Monte Carlo Simulation to estimate the fair value of stock-based awards. The fair value is determined at the date of grant. The financial statement effect of forfeitures is estimated at the time of grant and revised, if necessary, if the actual effect differs from those estimates.

The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows FASB guidance. As such, the value of the applicable stock-based compensation is periodically remeasured and income or expense is recognized during their vesting terms. The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is primarily recognized over the term of the consulting agreement. In accordance with FASB guidance, an asset acquired in exchange for the issuance of fully vested, nonforfeitable equity instruments should not be presented or classified as an offset to equity on the grantor's balance sheet once the equity instrument is granted for accounting purposes. Accordingly, the Company records the fair value of nonforfeitable equity instruments issued for future consulting services as prepaid stock-based consulting expenses in its consolidated balance sheets.

The Company recorded stock-based compensation expense related to equity instruments granted to employees, directors and consultants as follows:

	For the Years Ended December 31,		For the Period From July 24, 1998 (Inception) through December 31,
	2013	2012	2013
Employees - selling, general and administrative	$ 1,520,746	$ 384,859	$ 3,297,058
Employees - research and development	156,568	250,380	1,021,619
Directors - selling, general and administrative	399,986	1,225,350	1,748,028
Consultants - selling, general and administrative	843,301	137,745	1,788,654
Consultants - research and development	214,372	158,278	372,650
Total	$ 3,134,973	$ 2,156,612	$ 8,228,009

Basic and Diluted Net Loss per Common Share

Basic net loss per common share is computed by dividing net loss attributable to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders for the period by the weighted average number of common and common equivalent shares, such as stock options and warrants outstanding during the period.

Basic and diluted net loss applicable to common stock per share is computed using the weighted average number of shares of common stock outstanding during the period. Common stock equivalents (using the treasury stock or, "if converted" methods) from convertible notes, preferred stock, stock options, unvested RSUs and warrants were 3,539,800 and 1,682,678 at December 31, 2013 and 2012, respectively, and are excluded from the calculation of diluted net loss per share for all periods presented because the effect is anti-dilutive.

The following table shows the computation of basic and diluted loss per share of common stock for the years ended December 31, 2013 and 2012:

	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012
Net loss	$ (7,643,124)	$ (5,383,535)
Deemed dividend to preferred stockholders	-	(200,000)
Numerator – net loss attributable to common stockholders	$ (7,643,124)	$ (5,583,535)
Denominator – weighted average number of shares outstanding, basic and diluted	8,656,822	4,493,535
Net loss per share, basic and diluted	$ (0.88)	$ (1.24)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Significant estimates made by management are, among others, valuation of deferred taxes, realization of long-lived assets, and valuation of stock-based compensation issued to employees and non-employees. Actual results could differ from those estimates.

Reclassifications

Certain prior period items and amounts have been reclassified to conform to the classifications used to prepare the 2013 consolidated financial statements. These reclassifications had no material impact on the Company's financial position, results of operations, or cash flows as previously reported.

Recently Adopted Accounting Pronouncements

In December 2011, the FASB issued Accounting Standards Update ("ASU") ASU 2011-11, "Disclosures about Offsetting Assets and Liabilities." This pronouncement was issued to enhance disclosure requirements surrounding the nature of an entity's right to offset and related arrangements associated with its financial instruments and derivative instruments. This new guidance requires companies to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to master netting arrangements. This pronouncement is effective for reporting periods beginning on or after January 1, 2013. The adoption of ASU 2011-11 did not have a material impact on our consolidated financial statements.

In January 2013, the FASB issued ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities." This pronouncement was issued to address implementation issues about the scope of ASU 2011-11 and to clarify the scope of the offsetting disclosures and address any unintended consequences. This pronouncement is effective for reporting periods beginning on or after January 1, 2013. The adoption of ASU 2013-01 did not have a material impact on our consolidated financial statements.

Recently Announced Accounting Pronouncements

In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." ASU 2013-11 provides explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013, with an option for early adoption. The Company intends to adopt this guidance at the beginning of its first quarter of fiscal year 2014, and is currently evaluating the impact on its consolidated financial statements and disclosures.

Proposed Amendments to Current Accounting Standards. The FASB is currently developing amendments to existing accounting standards governing a number of areas including, but not limited to, revenue recognition and lease accounting.

In June 2010, the FASB issued an exposure draft, *Revenue from Contracts with Customers*, which would supersede most of the existing guidance on revenue recognition in Accounting Standards Codification ("ASC") Topic 605, *Revenue Recognition*. In November 2011, the FASB re-exposed this draft and it expects a final standard to be issued in the year ended December 31, 2014. As the standard-setting process is still ongoing, the Company is unable to determine the impact this proposed change in accounting will have in the Company's consolidated financial statements at this time.

In August 2010, the FASB issued an exposure draft, *Leases*, which would result in significant changes to the accounting requirements for both lessees and lessors in ASC Topic 840, *Leases*. In May 2013, the FASB re-exposed this draft and the comment period was closed in September 2013. As the standard-setting process is still ongoing, the Company is unable to determine the impact this proposed change in accounting will have in the Company's consolidated financial statements at this time.

In November 2013, the FASB issued an exposure draft, *Development Stage Entities.* The amendments in this proposed update would remove the definition of a development stage entity from ASC Topic 915, *Development Stage Entities*, thereby removing the distinction between development stage entities and other reporting entities from GAAP. In addition, the proposed amendments would eliminate the requirements for development stage entities to (1) present inception-to-date information on the statements of income, cash flows, and shareholder's equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclosed in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. The comment period for this exposure draft was closed in December 2013. As the standard setting process is still ongoing, the Company is unable to determine the impact this proposed change will have in the Company's consolidated financial statements at this time.

NOTE 3. RESTRICTED SHORT-TERM INVESTMENT

The restricted short-term investment at December 31, 2013 consists of a certificate of deposit, which is classified as held-to-maturity. At December 31, 2013, the restricted short-term investment was recorded at amortized cost which approximates fair value.

At December 31, 2013, the certificate of deposit of $50,097 was classified as a current asset. The certificate of deposit is required as collateral under the Company's corporate credit card agreement and automatically renews every twelve months.

NOTE 4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at:

	December 31, 2013	December 31, 2012
Accounts payable	$ 261,924	$ 342,470
Accrued offering costs	-	185,337
Deferred rent	-	2,477
Other accrued expenses	50,000	21,440
Stock-based compensation accrual	-	139,444
Total accounts payable and accrued expenses	$ 311,924	$ 691,168

There were 20,000 shares of the Company's restricted common stock underlying the stock-based compensation accrual at December 31, 2012. The stock-based compensation expense related to restricted common stock issuances and accruals was $143,553 and $139,444 during the years ended December 31, 2013 and 2012, respectively.

NOTE 5. NOTES PAYABLE

Convertible Notes – August 2005

In August 2005, the Company issued seven convertible promissory notes in the aggregate amount of $226,300 to various stockholders (collectively, the "Stockholders' Notes"). The Stockholders' Notes bore interest at 4% per annum and were to mature on August 25, 2010. In connection with the issuance of the Stockholders' Notes, the Company granted warrants that were exercisable into an aggregate of 884 shares of the Company's common stock. The warrants were determined to have an insignificant fair value at the time of the grant.

In May 2007, the holders of the Stockholders' Notes and related warrants forgave the amounts due and forfeited the related warrants. In connection with the forgiveness, the Company recorded additional paid-in capital of $241,701 equal to the value of the Stockholders' Notes and related accrued interest. Interest expense on the Stockholders' Notes was $15,401 for the period from Inception through December 31, 2007.

Convertible Notes – May and June 2007

In May and June 2007, the Company issued convertible notes payable to various lenders for an aggregate amount of $1,500,000 (collectively, the "2007 Notes"). Each of the 2007 Notes included interest at 7% per annum and were to mature on December 16, 2007 ("Maturity Date"). However, as a result of the Merger and Private Placement (see Note 6), the entire outstanding principal amount and accrued interest was converted into the Company's common stock at a conversion price equal to $40.00 per share, which resulted in the issuance of 38,254 shares. Also, the Company recorded a debt discount of $1,530,177, which was amortized immediately to interest expense upon the conversion of the 2007 Notes. Excluding the debt discount, interest expense on the 2007 Notes was $30,177 for the period from Inception through December 31, 2008.

Convertible Note – April 2010 – Former Related Party

On April 5, 2010, the Company issued a Senior Convertible Promissory Note (the "Note") to Alexej Ladonnikov in a private placement. The Note included an annual interest rate of 7.5% and (unless converted or prepaid, as noted below) all principal and interest was due and payable on its maturity date of April 5, 2012 ("Maturity Date"). At any time prior to the Maturity Date, the investor had the right to convert all or a portion of the outstanding principal and accrued interest at a conversion ratio of one share of the Company's common stock for each $40 (the fair market value of the Company's common stock on April 5, 2010) owed. Also, at any time prior to the Maturity Date, the Company had the option to prepay the outstanding principal and accrued interest. The Company received gross proceeds from the issuance of the Note in the aggregate amount of $1,000,000. There were no discounts or commissions paid in connection with this private placement. There was no accrued interest on the Note at December 31, 2012, and interest expense on the Note for the year ended December 31, 2012 was $12,124. Following the Company's bankruptcy petition filed June 26, 2011, as well as the change in ownership control following the issuance of Series A Convertible Preferred Stock ("Series A Preferred Stock") to DermaStar International, LLC ("Derma Star"), the entire unpaid principal sum of this Note, together with its accrued and unpaid interest became immediately due and payable.

In January 2012, Derma Star acquired 80% of the Note in a private transaction with Mr. Ladonnikov. On January 25, 2012, the Board of Directors of the Company approved, and the Company entered into, separate waiver and settlement agreements with Derma Star and Mr. Ladonnikov, the two parties holding the Note.

In connection with each of the waiver and settlement agreements, the holders of the Note each agreed to forever waive their rights to (i) accelerate the entire unpaid principal sum of the Note and all accrued interest pursuant to Section 1 of the Note related to the Company's bankruptcy petition filed June 26, 2011, (ii) Section 7 of the Senior Convertible Note Purchase Agreement dated April 5, 2010, regarding the designation and creation of the Series A Preferred Stock and (iii) certain conversion rights pursuant to Section 3 of the Note related to the change of control that resulted from the sale of the Series A Preferred Stock.

Pursuant to the terms of the waiver and settlement agreement by and between the Company and DermaStar, DermaStar and the Company agreed to the mandatory conversion of the eighty percent (80%) of the principal and accrued and unpaid interest of the Note held by DermaStar, at such time as (and not until) the Company has a sufficient number of authorized shares of common stock to effect such a conversion, into common stock of the Company at a conversion price of approximately $0.6668 ("DermaStar Conversion Price"). Additionally, Derma Star agreed to a mandatory conversion of an additional $56,087 of accounts payable of the Company ("AP Conversion") held by DermaStar, at such time as (and not until) the Company had a sufficient number of authorized common shares for such conversion. The AP Conversion was made at the DermaStar Conversion Price.

On February 28, 2012, the Company issued 1,454,962 shares of common stock to DermaStar as payment in full for its 80% ownership of the Note ($800,000), its related accrued interest ($114,082) and $56,087 in the Company's accounts payable. The Company determined this to be a substantial modification to the debt instruments and applied debt extinguishment accounting to record a loss on extinguishment of debt of $856,087 for the year ended December 31, 2012.

Pursuant to the terms of the waiver and settlement agreement by and between the Company and Mr. Ladonnikov, Mr. Ladonnikov and the Company agreed to the mandatory conversion of the twenty percent (20%) of the principal and accrued and unpaid interest of the Note held by Mr. Ladonnikov, at such time as (and not until) the Company had a sufficient number of authorized shares of common stock to effect such conversion, into common stock of the Company at a conversion price of $0.60. Additionally, Mr. Ladonnikov agreed to make a one-time payment to the Company, at such time as the Note was converted into the Company's common stock, of $50,000.

On February 28, 2012, the Company received payment from Mr. Ladonnikov of $50,000 and issued 380,868 shares of common stock to Mr. Ladonnikov as payment in full for his 20% ownership of the Note ($200,000) and its related accrued interest ($28,521). The Company determined this to be a substantial modification to the debt instrument and applied debt extinguishment accounting to record a loss on extinguishment of debt of $150,000 ($200,000 Note principal balance less $50,000 cash payment received) for the year ended December 31, 2012.

Secured Line of Credit – Former Related Party

On November 21, 2011, the Company entered into a Secured Line of Credit Letter Agreement (the "Line of Credit Agreement") with DermaStar. The Line of Credit Agreement became effective on December 10, 2011. The line of credit was secured by a blanket security interest in all of the Company's assets, including its intellectual property. The Line of Credit Agreement provided for advances to the Company of up to an aggregate of $750,000 (each an "Advance" and collectively the "Loan"), subject to the satisfaction by the Company of certain conditions in connection with the initial Advance and each subsequent Advance. Each Advance was made pursuant to a promissory note in favor of DermaStar. The Company received advances totaling $750,000 up to April 25, 2012 (the date of the conversion thereof). The promissory notes accrued interest at 10% annually and had maturity dates of one year after the effective dates of the applicable Advance. There was no accrued interest on the promissory notes at December 31, 2012 and interest expense for the year ended December 31, 2012 was $12,534.

As of April 20, 2012, the aggregate principal balance owed under the Line of Credit was $750,000. Effective April 20, 2012, the Company and DermaStar entered into a Promissory Note Conversion Agreement (the "Conversion Agreement") wherein the parties agreed that the entire outstanding principal balance of the promissory notes issued in favor of DermaStar pursuant to the Line of Credit Agreement and all related accrued interest, totaling $762,534, would be converted into shares of common stock and a warrant to purchase common stock. Pursuant to the Conversion Agreement, on April 25, 2012 and upon conversion of the outstanding principal balance and unpaid interest under the Line of Credit Agreement, DermaStar was issued a total of 193,046 shares of the Company's common stock and a related warrant to purchase up to an additional 48,262 shares of the Company's common stock. The warrant has an exercise price of $5.925 per share and a three year term. The Line of Credit Agreement has been terminated.

The addition of a conversion feature to the Line of Credit Agreement resulted in terms that were substantially different from the terms of the original agreement, and therefore, the conversion resulted in an extinguishment of debt. The relative fair value of the warrant issued to DermaStar was determined to be $137,383 using the Black-Scholes-Merton option pricing model. The variables used in this pricing model included: (1) discount rate of 0.4% (2) expected warrant life of 3 years, (3) expected volatility of 350% and (4) zero expected dividends. In addition, the value of the effective BCF resulting from the Conversion Agreement was determined to be $51,940. The value of the debt discount was recorded as additional paid-in capital and as the Line of Credit was immediately convertible, the debt discount of $189,323 was immediately expensed as a loss on extinguishment of debt.

DermaStar is a former control person of the Company and had the ability to direct or cause direction of management and policies of the Company through its ownership of the Company's capital stock. Also, Dr. Robert Kammer, a director and the Chairman of the Board of the Company, and Mark L. Baum, Chief Executive Officer and a director of the Company, were managing members and partial owners of DermaStar. In July 2012, the Company was informed by DermaStar that it had dissolved and distributed all of its shares of the Company's capital stock held by it to its members. As a result of that dissolution and distribution, DermaStar is no longer a control person of the Company.

NOTE 6. STOCKHOLDERS' EQUITY

Common Stock Issuances

On February 28, 2012, the Company increased the number of authorized shares of capital stock to 400,000,000, and the number of authorized shares of common stock to 395,000,000 and effected a one-for-eight reverse stock split. In connection with the Public Offering, after the effectiveness of the Registration Statement on February 7, 2013, the Company effected a one-for-five reverse stock split of its common stock and on February 8, 2013, the Company's common stock began trading on The NASDAQ Capital Market on a split-adjusted basis.

The following is a summary of common stock and capital contribution transactions from inception through December 31, 2013:

In fiscal year 1998, the Company recorded capital contributions of $100,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded respectively in selling, general and administrative and research and development expenses in the accompanying consolidated statements of operations.

In fiscal year 1999, the Company recorded capital contributions of $200,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded respectively in selling, general and administrative and research and development expenses in the accompanying consolidated statements of operations.

In fiscal year 2000, the Company issued 23,437 shares of common stock at a price of $0.256 per share for proceeds of $6,000. Also, recorded capital contributions of $200,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded respectively in selling, general and administrative and research and development expenses in the accompanying consolidated statements of operations.

In fiscal year 2001, the Company recorded capital contributions of $200,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded respectively in selling, general and administrative and research and development expenses in the accompanying consolidated statements of operations.

In fiscal year 2002, the Company recorded capital contributions of $200,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded respectively in selling, general and administrative and research and development expenses in the accompanying consolidated statements of operations.

In fiscal year 2003, the Company recorded capital contributions of $200,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded respectively in selling, general and administrative and research and development expenses in the accompanying consolidated statements of operations.

In fiscal year 2004, the Company recorded capital contributions of $400,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded respectively in selling, general and administrative and research and development expenses in the accompanying consolidated statements of operations.

In fiscal year 2005, the Company issued 61,718 shares of common stock at a price of $0.256 per share for gross proceeds of $15,800 for common stock purchases and stock option exercises. The Company received additional capital contributions in cash of $14,200 from the Company's stockholders and recorded capital contributions of $400,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded respectively in selling, general and administrative and research and development expenses in the accompanying consolidated statements of operations.

In fiscal year 2006, the Company issued 9,375 shares of common stock at a price of $0.256 per share for gross proceeds of $2,400. The Company received additional capital contributions in cash of $48,600 from the Company's stockholders and recorded capital contributions of $400,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded respectively in selling, general and administrative and research and development expenses in the accompanying consolidated statements of operations.

Prior to the Merger during fiscal year 2007, the Company issued 100,585 shares of its common stock at a price of $0.256 per share for proceeds of $25,750, which includes the issuance of 781 shares upon the exercise of a warrant and 195 shares upon exercise of stock options. Also, prior to the Merger, the Company received capital contributions of $105,907 from the Company's stockholders and recorded capital contributions of $175,000 (the estimated fair value of the services contributed) in connection with services contributed by stockholders, which is recorded respectively in selling, general and administrative and research and development expenses in the accompanying consolidated statements of operations.

Prior to the Merger during fiscal year 2007, the Company recorded additional paid-in capital of $241,701 related to the forgiveness of Stockholders' Notes (see Note 5).

In August 2007, the Company issued a restricted stock grant to an executive of the Company for 4,882 shares of the Company's common stock.

In connection with the Merger in 2007, 46,249 shares of common stock remained outstanding (see Note 2).

Concurrent with the Merger in 2007, the Company sold 51,795 shares of common stock for net proceeds of $3,837,791 ($4,143,667 gross) through a private placement (the "Private Placement"). In addition, the investors received warrants to purchase 12,949 shares of common stock for a period of five years at a cash and cashless exercise price of $160.00 and $200.00 per share, respectively. In connection with the Private Placement, the Company incurred placement agent fees and other related expenses totaling $342,105 (of which $36,229 was paid in fiscal year 2008 and netted with the 2008 private placement discussed below) and issued warrants to purchase up to 844 shares of common stock for a period of three years at cash and cashless exercise price of $160.00 and $200.00 per share, respectively.

Concurrent with the Merger in 2007, the Company issued 38,254 shares of common stock related to the conversion of the 2007 Notes and accrued interest of $1,530,177. Also, the Company recorded a debt discount of $1,530,177 related to the 2007 Notes (see Note 5).

In September 2007, the Company entered into three, one-year consulting agreements with three separate firms to provide services related to investor communications. In the aggregate, 6,875 shares of common stock were issued in accordance with the terms of the agreements along with a warrant to purchase 469 shares of common stock for a period of five years at a cash and cashless exercise price of $160.00 and $200.00, respectively. The fair value of the stock and warrants were valued at $550,000. The estimated costs of the consulting agreements, including the stock, warrants and non-refundable fee were amortized over the one-year terms.

On May 12, 2008, the Company sold 45,454 shares of common stock for net proceeds of $3,941,301 ($4,000,000 gross) through a follow-on private placement (the "Follow-on Private Placement") to accredited investors. In addition, the investors received warrants to purchase 5,682 shares of common stock for a period of five years at a cash and cashless exercise price of $176.00 and $220.00 per share, respectively. In connection with the Follow-On Private Placement, the Company incurred expenses of $22,470, which was recorded as a reduction of additional paid-in capital, and the gross proceeds were also netted with $36,229 related to the 2007 Private Placement that was paid in 2008.

In 2008, in connection with the termination of certain consulting agreements entered into in 2007 and 2008, 2,064 shares of common stock were forfeited at a value that was reversed of $135,136. The Company also decreased additional paid-in capital and consulting expense by $70,000 because of the remeasurement of certain consulting agreements. Additionally, during 2008, the Company entered into an agreement with an investor relations firm ("IR Firm"). Pursuant to the agreement with the IR Firm, the Company issued 1,717 shares of common stock during 2008 at a value of $85,833. In a separate agreement, the Company entered into a consulting agreement in which the Company issued a three-year warrant to purchase 125 shares of the Company's common stock at a cash and cashless price of $80.00 per share. The net amount of shares forfeited during 2008 from consulting agreements and the IR Firm was (347) and the net expense reversed and charged to additional paid-in capital was ($117,993).

On November 21, 2008, the Company issued a restricted stock grant to a director of the Company for 625 shares of the Company's common stock. The restricted stock grant vested over a one-year period.

During 2009, in connection with the agreement with the IR Firm, the Company issued 1,144 shares of common stock valued at $50,356. In a separate agreement, the Company entered into a consulting agreement in which the Company issued a stock option to purchase 1,250 shares of the Company's common stock at an exercise price of $39.60 per share. The fair value of the option, determined based on the Black-Scholes-Merton pricing model, was recorded as $14,434. In another agreement, the Company entered into a consulting agreement in which the Company issued stock options to purchase 1,188 shares of the Company's common stock at an exercise price of $64.00 per share. The fair value of the options, determined based on the Black-Scholes-Merton pricing model, was recorded at $56,665. The total value of common stock, warrants and options recorded during 2009 was $121,455.

In August 2009, the Company issued 1,250 shares of common stock at a price of $39.60 per share for gross proceeds of $49,500 for stock option exercises.

In June 2010, the Company entered into two separate agreements with an investor relations firm and a financial advisory services firm (collectively "the firms") in order to provide certain investor relations and advisory services to the Company for a period of one year. In exchange for such services, the Company issued 5,000 shares, in the aggregate, of its unregistered common stock, of which all shares were nonforfeitable (valued at $208,000 and recorded as prepaid consulting fees upon issuance) to the firms as a prepayment of services to be received over a three-month period. The Company agreed to suspend the services related to these agreements, therefore, at this time no additional shares of common stock will be issued to the firms. For the year ended December 31, 2010, the Company recorded stock-based compensation related to the stock of $208,000. On August 13, 2010, the Company entered into a consulting agreement in which the Company issued stock options to purchase 5,030 shares of the Company's common stock at an exercise price of $42.80 per share. The fair value of the options, determined based on the Black-Scholes-Merton pricing model, was recorded at $132,300. In September 2010, the Company entered an agreement with an investor relations firm in order to provide certain investor relations services to the Company for a period of six months. In exchange for such services, the Company issued 750 shares, in the aggregate, of its unregistered common stock, of which all shares were nonforfeitable (valued at $27,600 and recorded as prepaid consulting fees upon issuance) to the investor relations firm as a prepayment of services to be received for the initial three-month period of the agreement. The agreement was terminated by the Company during November 2010. For the year ended December 31, 2010, the Company recorded stock-based compensation related to the restricted stock of $27,600. The total number of shares of common stock issued to consultants during 2010 was 5,750 and the total value of common stock and options issued to consultants during 2010 was $367,900.

On October 20, 2010, the Company appointed John N. Bonfiglio, Ph.D. as Chief Executive Officer and President of the Company. Dr. Bonfiglio was also appointed as a director on the Company's Board. The Board granted Dr. Bonfiglio a stock option for 10,000 shares of common stock and issued 1,250 shares of restricted common stock in accordance with the Company's 2007 Incentive Stock and Awards Plan. The stock option and the restricted common stock vested as follows: 25% of the option shares and the restricted stock vested immediately upon grant, with the balance of the option shares and the restricted stock vesting in equal monthly installments over the next 36 months beginning 30 days after the grant date. The restricted stock was valued at $32.00 per share, the reported closing price of the Company's common stock on October 20, 2010. For the year ended December 31, 2010, the Company recorded stock-based compensation expense related to the issuance and partial vesting of the restricted stock award of $12,083.

On May 13, 2011, the Board of Directors accepted the resignation of Dr. Bonfiglio, Ph.D. as Chief Executive Officer and President of the Company and as a director on the Board of Directors. As a result of Dr. Bonfiglio's resignation, of the 1,250 shares of restricted stock awarded to him, 469 shares had vested and 781 shares were returned to treasury and cancelled effective his date of resignation. For the year ended December 31, 2011, the Company recorded stock-based compensation expense related to the issuance and partial vesting of the restricted stock award of $3,332.

On February 28, 2012, the Company issued 380,868 shares of common stock to Alexej Ladonnikov as payment in full for his 20% ownership of the Note ($200,000) and its related accrued interest ($28,521). See Note 5.

On February 28, 2012, the Company issued 1,454,962 shares of common stock to DermaStar as payment in full for its 80% ownership of the Note ($800,000), its related accrued interest ($114,082) and conversion of $56,087 in the Company's accounts payable. See Note 5.

On April 20, 2012, the Company entered into a Securities Purchase Agreement with certain accredited investors relating to the sale and issuance of an aggregate of 2,011,691 shares of its common stock and warrants to purchase up to 502,928 shares of its common stock at an exercise price of $5.925 per share, for an aggregate purchase price of approximately $7,950,000 (the "April Private Placement"). The April Private Placement closed on April 25, 2012, and the Company received proceeds, net of offering costs, of approximately $7,930,000.

On April 25, 2012, the Company converted debt totaling $762,534 (including accrued interest of $12,534) owed to DermaStar, a related party, into 193,046 shares of the Company's common stock and a related warrant to purchase 48,262 shares of the Company's common stock at an exercise price of $5.925 per share (see Note 5).

On August 30, 2012, the Company entered into a License Agreement (the "PCCA License Agreement") and a Stock Purchase Agreement (the "PCCA Purchase Agreement") in a strategic transaction with Professional Compounding Centers of America, Inc. ("PCCA") (the "PCCA Transaction"). Pursuant to the terms of the PCCA Purchase Agreement, on August 31, 2012, the Company issued and sold to PCCA 832,682 shares of its common stock at a per share purchase price of $4.8038, for aggregate proceeds, net of offering costs, of approximately $3,980,000.

On December 11, 2012, the Company issued 200 shares of common stock at a price of $4.00 per share for gross proceeds of $800 for stock option exercises.

In February 2013, the Company issued 219 shares of common stock to net settle common stock options to purchase 1,030 shares of common stock with an exercise price of $4.00 per share pursuant to a cashless exercise provision.

During February and March 2013, the Company made payments totaling $191 in connection with cancelled, fractional share amounts of common stock (35 common stock share equivalents) in connection with the one-for-five reverse stock split effected February 7, 2013.

On February 13, 2013, the Company closed the Public Offering and issued an aggregate of 1,840,000 shares of its common stock at a per share price to the public of $5.25, and received net proceeds of $8,140,435 after deducting underwriter fees and commissions and other offering expenses. The underwriters also exercised their option to purchase an additional 276,000 shares of common stock from the Company at $5.25 per share to cover over-allotments on March 14, 2013. Net cash proceeds from the exercise of the over-allotment option were $1,316,116. On February 7, 2013, the Company entered into an Underwriting Agreement (the "Underwriting Agreement") with MDB Capital Group, LLC in connection with the Public Offering. As contemplated by the Underwriting Agreement, at the closing of the Public Offering and the over-allotment exercise, the underwriters received warrants (the "Underwriter Warrants") to purchase an aggregate of 179,860 shares, or 8.5% of the number of shares sold in the offering (including 8.5% of shares sold pursuant to their over-allotment option). The Underwriter Warrants are exercisable at $5.25 per share (100% of the price of the common stock sold in the offering), commencing on the effective date of the offering and expire five years from the effective date of the offering.

During June 2013, the Company issued 40,000 shares of common stock to Mark Baum, the Company's Chief Executive Officer and a director, related to vesting of RSUs.

During the year ended December 31, 2013, the Company issued 40,000 restricted shares of common stock to Dr. Robert Kammer, a director, valued at $282,997, in consideration for consulting services provided during the years ended December 31, 2013 and 2012.

During September 2013, the Company issued 2,114 restricted shares of common stock to a consultant, valued at $10,750, in consideration for consulting services provided during the year ended December 31, 2013. The fair value of the shares of common stock issued was recorded as stock-based compensation during the year ended December 31, 2013.

Preferred Stock

At December 31, 2013 and 2012, the Company had 5,000,000 shares of preferred stock, $0.001 par value, authorized and no shares issued and outstanding.

Series A Preferred Stock – Converted – Former Related Party

The Series A Preferred Stock had the rights and preferences identified in the Certificate of Designation to the Company's Amended and Restated Certificate of Incorporation filed with the Delaware Secretary of State on December 9, 2011. Among other things, the Certificate of Designation (i) authorizes 10 shares of the Company's preferred stock to be designated as "Series A Convertible Preferred Stock"; (ii) grants the holders of the Series A Preferred Stock the right to convert into the Company's common stock at a conversion price of approximately $0.06668, as adjusted; (iii) grants a liquidation preference of $10,000 per share of Series A Preferred Stock; (iv) provides that the holders of Series A Preferred Stock shall vote with the holders of the Company's common stock on an "as converted basis"; and (v) provides that the affirmative vote of a majority of the outstanding shares of the Series A Preferred Stock is required to approve certain corporate matters including, among other things, changes to the rights of the holders of the Series A Preferred Stock, amendments to the Company's Amended and Restated Certificate of Incorporation or Bylaws, issuance of priority or parity securities, issuance of debt securities, entry into certain fundamental transactions and increase or decrease in the size of the Company's Board of Directors.

In partial consideration for and in connection with the Line of Credit Agreement described in Note 5, on November 21, 2011, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with DermaStar, a former related party, pursuant to which the Company agreed to issue ten (10) shares of newly-designated Series A Preferred Stock to DermaStar for an aggregate purchase price of $100,000. The Purchase Agreement, as amended, became effective on December 9, 2011. On December 12, 2011, the Company and DermaStar consummated the transactions contemplated by the Purchase Agreement. On December 31, 2011 and made effective November 21, 2011, the Company entered into a First Amendment to Securities Purchase Agreement (the "Amendment"). Pursuant to the terms of the Amendment, DermaStar agreed not to convert more than five (5) shares of Series A Preferred Stock into common stock until such time as the Company has a sufficient number of authorized shares of common stock to enable the conversion of all ten shares of Series A Preferred Stock held by DermaStar. The five shares of preferred stock could be converted into 749,850 shares of common stock, which represented approximately 65% of the capital stock of the Company on an as-converted basis at the time of issuance.

The Company recorded a BCF of $100,000 to the preferred stock purchase and recorded a preferred stock discount. As the preferred stock did not have a stated redemption date, the associated discount was amortized from the date of issuance to the earliest possible conversion date, which is the date of issuance and recognized as a deemed dividend to the preferred stockholders using the effective yield method. Accordingly, the Company recorded non-cash accretion of preferred stock deemed dividend totaling $100,000 in 2011, which represents an increase to reported net loss in arriving at net loss attributable to common stockholders and additional paid-in capital by a corresponding $100,000. The non-cash accretion of the preferred stock deemed dividend did not have an effect on cash flows for the year ended December 31, 2011.

On June 29, 2012, DermaStar converted the 10 shares of Series A Preferred Stock held by it into 1,499,700 shares of the Company's common stock. In connection with the conversion, the Company paid to DermaStar $200,000 as partial consideration for the conversion pursuant to a conversion agreement. Immediately following the conversion of the Series A Preferred Stock, all 10 shares were retired to the Company's treasury and cancelled. The Company recognized the $200,000 payment as additional consideration transferred in the transaction in excess of the fair value of the consideration issuable in accordance with the original conversion terms. As a result, the cash payment to DermaStar was recorded as a deemed preferred stock dividend. Accordingly, the Company recorded a deemed preferred stock dividend at the date of conversion, June 29, 2012, totaling $200,000, which represents an increase to reported net loss in arriving at net loss attributable to common stockholders.

Stock Option Plan

On September 17, 2007, the Company's Board of Directors and stockholders adopted the Company's 2007 Incentive Stock and Awards Plan, which was subsequently amended on November 5, 2008, February 26, 2012, July 18, 2012, May 2, 2013 and September 27, 2013 (as amended, the "Plan"). As of December 31, 2013, the Plan provides for the issuance of a maximum of an aggregate of 5,000,000 shares of the Company's common stock. The purpose of the Plan is to provide an incentive to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons in the Company's development and financial success. Under the Plan, the Company is authorized to issue incentive stock options intended to qualify under Section 422 of the Internal Revenue Code, non-qualified stock options and restricted stock. The Plan is administered by the Compensation Committee of the Company's Board of Directors. The Company had 2,276,688 shares available for future issuances under the Plan at December 31, 2013.

A summary of the Plan activity with respect to options to purchase common stock for the year ended December 31, 2013 is as follows:

	Number of shares	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contractual Life	Aggregate Intrinsic Value
Options outstanding - January 1, 2013	905,806	$ 5.26		
Options granted	697,453	$ 6.41		
Options exercised	(1,030)	$ 4.00		
Options cancelled/forfeited	(273,439)	$ 7.95		
Options outstanding - December 31, 2013	1,328,790	$ 5.31	5.91	$ 140,000
Options exercisable	878,891	$ 4.53	4.30	$ 140,000
Options vested and expected to vest	1,283,800	$ 5.26	5.80	$ 140,000

The aggregate intrinsic value in the table above represents the total pre-tax amount of the proceeds, net of exercise price, which would have been received by option holders if all option holders had exercised and immediately sold all options with an exercise price lower than the market price on December 31, 2013, based on the closing price of the Company's common stock of $3.36 on that date.

During fiscal years 2013 and 2012, the Company granted stock options to certain employees, directors and consultants. The stock options were granted with an exercise price equal to the current market price of the Company's common stock, as reported by the applicable quotation system of securities exchange on which the common stock was then quoted or listed, at the grant date and have contractual terms ranging from 3 to 10 years. Vesting terms for options granted in fiscal year 2012 to employees, directors and consultants typically included monthly vesting over periods ranging from 12-36 months or quarterly vesting over 12 months. Vesting terms for options granted in fiscal year 2013 to employees, directors and consultants typically included one of the following vesting schedules: 25% or 33% of the shares subject to the option vest and become exercisable on the first anniversary of the grant date and the remaining 67% or 75%, respectively, of the shares subject to the option vest and become exercisable quarterly in equal installments thereafter over two or three years, respectively; quarterly vesting over a three year period; or monthly, quarterly or 100% vesting associated with the provision or completion of services provided under contracts with consultants. Certain option awards provide for accelerated vesting if there is a change in control (as defined in the Plan) and in the event of certain modifications to the option award agreement.

The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option pricing model. Prior to April 1, 2013, expected volatilities were based on historical volatility of the Company's common stock and other factors. Following April 1, 2013, the expected volatility is based on the historical volatilities of the common stock of comparable publicly traded companies based on the Company's belief that it has significantly changed its business operations and focus, and as a result, it currently has limited relevant historical data regarding the volatility of its stock price on which to base a meaningful estimate of expected volatility. The expected term of options granted was determined in accordance with the "simplified approach" as the Company has limited, relevant, historical data on employee exercises and post-vesting employment termination behavior. The expected risk-free interest rate is based on the U.S. Treasury yield for a period consistent with the expected term of the option in effect at the time of the grant. The financial statement effect of forfeitures is estimated at the time of grant and revised, if necessary, if the actual effect differs from those estimates. For option grants to employees and directors, the Company assigns a forfeiture factor of 10%. These factors could change in the future, affecting the determination of stock-based compensation expense in future periods. Utilizing these assumptions, the fair value is determined at the date of grant.

The table below illustrates the fair value per share determined using the Black-Scholes-Merton option pricing model with the following assumptions used for valuing options granted to employees and directors:

	Year Ended December 31, 2013	Year Ended December 31, 2012
Weighted-average fair value of options granted	$ 6.04	$ 3.20
Expected terms (in years)	5.8 - 7	2.5 - 5.5
Expected volatility	102 - 123%	219 - 360%
Risk-free interest rate	0.86 - 2.05%	0.31 - 1.03%
Dividend yield	-	-

The table below illustrates the fair value per share determined using the Black-Scholes-Merton option pricing model with the following assumptions used for valuing options granted to consultants:

	Year Ended December 31, 2013	Year Ended December 31, 2012
Weighted-average fair value of options granted	$ 5.63	$ 7.48
Expected terms (in years)	2.33 - 10	4.25 - 5
Expected volatility	80 - 366%	306 - 361%
Risk-free interest rate	0.30 - 2.45%	0.48 - 1.03%
Dividend yield	-	-

The following table summarizes information about stock options outstanding and exercisable at December 31, 2013:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$2.40-3.20	250,000	5.57	$ 2.80	250,000	$ 2.80
$3.60 - $4.51	662,116	4.47	$ 4.13	518,335	$ 4.13
$6.00 - $9.00	402,271	8.49	$ 8.11	96,153	$ 8.17
$10.75	7,603	3.96	$ 10.75	7,603	$ 10.75
28.00 - $80.00	6,800	6.13	$ 40.86	6,800	$ 40.86
	1,328,790	5.91	$ 5.31	878,891	$ 4.53

As of December 31, 2013, there was approximately $1,680,000 of total unrecognized compensation expense related to unvested stock options granted under the Plan. That expense is expected to be recognized over the weighted-average remaining vesting period of 2.6 years. The stock-based compensation for all stock options was $1,689,756 and $1,792,993 during the years ended December 31, 2013 and 2012, respectively.

Restricted Stock Units

RSU awards are granted subject to certain vesting requirements and other restrictions, including performance and market based vesting criteria. The grant-date fair value of the RSUs, which has been determined based upon the market value of the Company's shares on the grant date, is expensed over the vesting period. Unvested portions of RSUs issued to consultants are remeasured on an interim basis until vesting criteria is met. On May 2, 2013, the Board of Directors of the Company amended and restated the Plan to provide for the issuance of RSUs under the Plan.

On May 2, 2013, the Company entered into an amended and restated employment agreement with its CEO, Mark Baum. Among other things, the amended and restated employment agreement provides for the issuance of 1,250,000 RSUs to Mr. Baum, pursuant to the Plan. Of these RSUs, 200,000 vest on the third anniversary of the RSU grant based on continued service to the Company and the remaining 1,050,000 RSUs will vest based on the satisfaction of certain market-based and continued service conditions (the "Baum Performance Equity Award"). The Baum Performance Equity Award vests three years from the date of grant contingent upon the satisfaction of certain market-based vesting criteria during the three year period. The market-based vesting criteria are separated into five equal tranches and require that the Company achieve and maintain certain stock price targets ranging from $10 per share to $30 per share during the three year period following the grant date. With certain limited exceptions, Mr. Baum must be employed with the Company on the third anniversary of the grant date in order for the Baum Performance Equity Award to vest. These market-based vesting conditions are further described below:

Tranche	Number of Shares	Target Share Price
Tranche 1	19.05% of the Baum Performance Equity Award granted	$10.00 or greater
Tranche 2	19.05% of the Baum Performance Equity Award granted	$15.00 or greater
Tranche 3	19.05% of the Baum Performance Equity Award granted	$20.00 or greater
Tranche 4	19.05% of the Baum Performance Equity Award granted	$25.00 or greater
Tranche 5	23.80% of the Baum Performance Equity Award granted	$30.00 or greater

For each respective tranche to vest the following conditions must be met: (i) the Company's common stock must have an official closing price at or above the Target Share Price for the respective tranche (each such date, a "Trigger Date"); (ii) during the period that includes the Trigger Date and the immediately following 19 trading days (the "Measurement Period"), the arithmetic mean of the 20 closing prices of the Company's common stock during the Measurement Period must be at or above the Target Share Price for such tranche; and (iii) with certain limited exceptions, Mr. Baum must be in continuous service with the Company through the third anniversary of the grant date. Any unvested RSUs under the Baum Performance Equity Award will be forfeited on the third anniversary of the grant date.

Under the terms of the employment agreement with Mr. Baum, the earning and issuance of any shares under the Baum Performance Equity Award that would exceed the number of shares available for grant and/or the applicable annual per person grant limit for performance-based restricted stock units under the Plan are subject to approval by the Board of Directors and the Company's stockholders of an increase in the number of shares available for grant and the applicable annual per person grant limit for performance-based restricted stock units under the Plan. At the time of grant in May 2013, the per person grant limit under the Plan for grants of performance-based restricted stock units was 600,000 shares. The Board approved an amendment to the Plan to increase to the number of shares available for grant from 2,400,000 to 5,000,000 shares and the applicable annual per person grant limit from 600,000 to 1,250,000 shares on May 2, 2013. The amendment to the Plan was required to be approved by the Company's stockholders. On September 27, 2013, a majority of the Company's stockholders approved the Plan amendment and the remaining 450,000 RSUs were granted on that date pursuant to the Baum Performance Equity Award.

Concurrent with the issuance of the 450,000 RSUs, Mr. Baum agreed to cancel 120,000 unvested RSUs previously granted to Mr. Baum in July 2012. As a result, the Company has treated the issuance of the 450,000 RSUs as a modification of the RSU grant made to Mr. Baum in July 2012. The total compensation cost to be recognized by the Company is equal to the original grant date fair value of the canceled RSUs plus any incremental cost calculated as the excess of the fair value of the 450,000 RSUs over the fair value of the canceled 120,000 RSUs on the modification date, which is September 27, 2013. The initial fair value of the 450,000 RSUs pursuant to the Baum Performance Equity Award granted to Mr. Baum was $189,000. No incremental cost was associated with the exchange of RSUs as the fair value prior to modification was more than after the modification. As of December 31, 2013, the amount of unamortized stock based compensation that has not been expensed related to the unvested 450,000 RSUs grant is $156,508. The 450,000 RSUs pursuant to the Baum Performance Equity Award were valued using a Monte Carlo Simulation with a three year life, 75% volatility and a risk free interest rate of 0.64%.

The initial fair value of the 200,000 RSUs and 600,000 RSUs pursuant to the Baum Performance Equity Award granted to Mr. Baum was $3,515,090 and as of December 31, 2013, the amount of unamortized stock based compensation that has not been expensed related to the unvested RSUs grants is $2,773,914. The 600,000 RSUs pursuant to the Baum Performance Equity Award were valued using a Monte Carlo Simulation with a three year life, 75% volatility and a risk free interest rate of 0.30%.

On May 24, 2013, the Company granted 100,000 RSUs to a consultant that will vest based on the satisfaction of certain market-based conditions subject to the consultant's continued service, among other things. These market-based vesting conditions are further described below:

Tranche	Number of Shares	Target Share Price
Tranche 1	20,000 shares	$10.00 or greater
Tranche 2	20,000 shares	$15.00 or greater
Tranche 3	20,000 shares	$20.00 or greater
Tranche 4	20,000 shares	$25.00 or greater
Tranche 5	20,000 shares	$30.00 or greater

For each respective tranche to vest the following conditions must be met: (i) the Company's common stock must have an official closing price at or above the Target Share Price for the respective tranche (each such date a "Trigger Date"); (ii) during the period that includes the Trigger Date and the immediately following 19 trading days (the "Measurement Period"), the arithmetic mean of the 20 closing prices during the Measurement Period must be at or above the Target Share Price for such tranche ((i) and (ii), the "Stock Price Conditions"); and (iii) with certain limited exceptions, 50% of the RSUs subject to a tranche will vest on the quarterly anniversary of the grant date following the satisfaction of the Stock Price Conditions with respect to that tranche, subject to the consultant being in continuous service with the Company on such quarterly anniversary and the remaining 50% shall vest on the second anniversary of the grant date if (a) the Stock Price Conditions have been satisfied with respect to that tranche prior to the second anniversary of the grant date and (b) the consultant is and has been in continuous service with the Company on the second anniversary of the grant date. All unvested RSUs will be forfeited on the second anniversary of the grant date.

The initial value of the 100,000 RSUs with market-based vesting conditions granted to the consultant was $288,000, and as of December 31, 2013 the remeasured fair value of those RSUs was $10,080. The amount of unamortized stock-based compensation that has not been expensed related to the unvested RSU grant is $7,140. The 100,000 RSUs are valued using a Monte Carlo Simulation with a 2 year life (based on the grant date), 75%-85% volatility and risk free interest rates of 0.13%-0.36%.

In June 2013, the Board of Directors approved a one-time grant of 6,865 RSUs (or an aggregate of 34,325 RSUs) to non-employee directors with an aggregate fair value of $271,854. The RSUs vest in full 13 months from the date of grant subject to the director being in continuous service with the Company and have certain deferral features intended to be compliant with Internal Revenue Code Section 409A. Once vesting conditions have been achieved, receipt of the shares underlying the RSUs will be deferred until the directors resign.

In September and October 2013, two directors resigned and forfeited all 6,865 (13,730 RSUs total) unvested RSUs previously held.

In October 2013, the Company issued 8,947 RSUs to Peter C. Kenny, for his service to the Company as a director, with an aggregate fair value of $39,814. The RSUs vest in full 13 months from the date of grant subject to the director being in continuous service with the Company and have certain deferral features intended to be compliant with Internal Revenue Code Section 409A.

In November 2013, the Company issued 10,418 RSUs to certain employees with an aggregate fair value of $42,498. The RSUs have a three year vesting term, whereby they vest in equal installments on an annual basis.

A summary of the Company's RSU activity and related information for the year ended December 31, 2013 is as follows:

	Number of RSUs	Weighted Average Grant Date Fair Value
RSUs outstanding - January 1, 2013	200,000	$ 3.25
RSUs granted	1,403,690	$ 3.24
RSUs vested	(40,000)	$ 3.25
RSUs cancelled/forfeit	(173,730)	$ 3.62
Balance at December 31, 2013	1,389,960	$ 3.19

On July 18, 2012, a consultant was issued 40,000 RSUs valued at $130,000, and on September 30, 2013, these RSUs were cancelled.

As of December 31, 2013, the total unrecognized compensation expense related to unvested RSUs was approximately $3,105,000 (including recognized and unrecognized expenses of the remeasured fair value of consultant RSUs) which are expected to be recognized over a weighted-average period of 2.23 years, based on estimated vesting schedules. The stock-based compensation for RSU's was $822,137 and $363,619 during the years ended December 31, 2013 and 2012, respectively.

Warrants

From time to time, the Company issues warrants to purchase shares of the Company's common stock to investors, note holders, underwriters and to non-employees for services rendered or to be rendered in the future.

In February 2013, the Company issued a warrant to purchase 30,000 shares of the Company's common stock to a consultant with an exercise price of $5.25 per share. The warrants expire three years following the issuance date, and vest as follows: 10,000 shares vested immediately upon execution of the consulting agreement, and the remaining shares will vest in 4,000 share installments on each of the five monthly periods following the date of the consulting agreement provided the consultant continues to provide services to the Company as of the applicable vesting date.

In July 2013, the Company issued a warrant to purchase 60,000 shares of the Company's common stock to a consultant with an exercise price of $8.50 per share, in consideration for services to be provided over a six month term. The warrants expire five years following the issuance date, vest immediately, are non-forfeitable, and become exercisable in January 2014. The Company recorded an initial stock-based prepaid consulting expense for the fair value of the warrants totaling $319,786, which is being amortized over the length of the consulting service term.

A summary of the activity of the warrants for the year ended December 31, 2013 is as follows:

	Number of Shares Subject to Warrants Outstanding	Weighted Avg. Exercise Price
Warrants outstanding - January 1, 2013	556,872	$ 7.66
Granted	269,860	$ 5.97
Exercised	-	
Expired	(5,682)	$ 176.00
Warrants outstanding and exercisable - December 31, 2013	821,050	$ 5.94
Weighted average remaining contractual life of the outstanding warrants in years - December 31, 2013	2.19	

The fair value of each warrant is estimated on the date of grant using the Black-Scholes-Merton option pricing model. The table below illustrates the fair value per share determined by the Black-Scholes-Merton option pricing model with the following assumptions used for valuing the warrants issued to consultants:

	Year Ended December 31, 2013
Weighted-average fair value of warrants granted	$ 5.12
Expected terms (in years)	2.6-5
Expected volatility	85%-346%
Risk-free interest rate	0.32%-1.31%
Dividend yield	-

A list of the warrants outstanding as of December 31, 2013 is included in the table below:

	Warrants Outstanding			Warrants Exercisable	
Warrant Series	Issue Date	Warrants Outstanding	Exercise Price	Warrants Exercisable	Expiration Date
DermaStar	4/25/2012	48,262	$ 5.93	48,262	4/25/2015
April PPM	4/25/2012	502,928	$ 5.93	502,928	4/25/2015
Underwriter Warrants	2/7/2013	179,860	$ 5.25	179,860	2/7/2018
IR Consultant	2/28/2013	30,000	$ 5.25	30,000	2/28/2016
IR Consultant	7/19/2013	60,000	$ 8.50	-	7/19/2018
		821,050	$ 5.94	761,050	

The stock-based compensation for warrants was $468,777 and $0 during the years ended December 31, 2013 and 2012.

NOTE 7. INCOME TAXES

The Company is subject to taxation in the United States and California. The provision for income taxes for the years ended December 31, 2013 and 2012 are summarized below:

	December 31, 2013	December 31, 2012
Current:		
Federal	$ -	$ -
State	-	1,600
Total current	$ -	$ 1,600
Deferred:		
Federal	$ 8,075,342	$ 6,184,420
State	2,233,726	1,128,730
Change in valuation allowance	(10,309,068)	(7,313,150)
Total deferred	-	-
Income tax provision (benefit)	$ -	$ 1,600

Income taxes for the years ended December 31, 2013 and 2012, are recorded in selling, general, and administrative expenses line item in the accompanying consolidated statements of operations.

A reconciliation of income taxes computed by applying the statutory U.S. income tax rate to the Company's loss before income taxes to the income provision is as follows:

	December 31, 2013	December 31, 2012
U.S. federal statutory tax rate	35.00%	35.00%
Benefit of lower tax brackets	(1.00)%	(1.00)%
State tax benefit, net	0.00%	(0.02)%
Research and development credits	0.43%	0.00%
Employee stock based compensation	(4.72)%	(2.59)%
Loss on debt conversion	0.00%	(7.55)%
Other	(0.08)%	(0.04)%
Valuation allowance	(29.63)%	(21.03)%
Effective income tax rate	0.00%	2.77%

Deferred tax assets and liabilities reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows:

	December 31, 2013	December 31, 2012
Deferred tax assets:		
NOL's	$ 7,364,058	$ 5,438,500
Depreciation and amortization	(340)	-
Other	129,191	33,570
Research & development credits	563,485	473,500
Deferred stock compensation	2,252,674	1,367,580
Unrealized gain or loss on investments	-	-
Total deferred tax assets	10,309,068	7,313,150
Valuation allowance	(10,309,068)	(7,313,150)
Net deferred tax assets	$ -	$ -

Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by approximately $3,000,000 and $1,100,000 in 2013 and 2012, respectively.

As of December 31, 2013, the Company had net operating loss carryforwards for federal income tax purposes of $18,950,992 which expire beginning in the year 2027 and federal research and development tax credits of $358,720 which expire beginning in the year 2026. As of December 31, 2013, the Company had net operating loss carryforwards for state income tax purposes of $15,780,906 which expire beginning in the year 2017 and state research and development tax credits of $310,249 which do not expire.

The deferred tax asset at December 31, 2013 does not include approximately $40,000 and $40,000 of excess tax benefits from employee stock option exercises and RSU vests that are a component of the federal and California net operating loss carryover, respectively. The Company's stockholders' equity balance will be increased if and when such excess tax benefits are ultimately realized.

Utilization of the net operating losses may be subject to substantial annual limitation due to federal and state ownership change limitations provided by the Internal Revenue Code and similar state provisions. Such annual limitations could result in the expiration of the net operating losses ad credits before their utilization. The Company has not performed an analysis to determine the limitation of the net operating loss and research development credit carryforwards.

In June 2006, the FASB issued interpretation ASC 740-10-50 "Accounting for Uncertainty in Income Tax". This pronouncement clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with ASC 7410-10-50. This interpretation 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 the tax return. ASC 740 also provides guidance on decrecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure and transaction. The Company adopted ASC 740-10-50 effective January 1, 2009. In accordance with ASC 740-10-50, the Company is classifying interest and penalties as a component of tax expense. There was no interest or penalties accrued at the adoption date and at December 31, 2013 and 2012.

The Company did not have any unrecognized tax benefits of as of December 31, 2013 and 2012, all of which is offset by a full valuation allowance. These unrecognized tax benefits, if recognized, would not affect the effective tax rate.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Commitments

In April 2013, the Company entered into a lease agreement for 3,874 square feet of office space from May 1, 2013 to September 30, 2016, effective May 1, 2013. Monthly rent began on May 1, 2013 in the amount of $10,406, with a 3% increase in the base rent amount on an annual basis. The lease agreement allows for the monthly rent amount to be abated for five months at various times during the lease agreement. Rent expense for the years ended December 31, 2013, 2012 and the period from Inception through December 31, 2013 was $103,191, $32,467 and $379,613, respectively. The following represents future annual minimum lease payments as of December 31, 2013:

2014	$	95,168
2015		109,131
2016		100,351
Total	$	304,650

The Company previously leased an office facility under a noncancelable operating lease, which had an expiry date of February 28, 2014, with $3,715 due monthly until expiration. In August 2013, the Company made a one-time payment of $7,000 as consideration to terminate this lease prior to its expiration date and as a result no future amounts are due under this lease.

Legal

In the ordinary course of business, the Company may face various claims brought by third parties and the Company may, from time to time, make claims or take legal actions to assert the Company's rights, including intellectual property rights, contractual disputes and other commercial disputes. Any of these claims could subject the Company to litigation. Management believes the outcomes of currently pending claims will not likely have a material effect on the Company's consolidated financial position and results of operations.

Indemnities and Guarantees

In addition to the indemnification provisions contained in the Company's charter documents, the Company generally enters into separate indemnification agreements with the Company's directors and officers. These agreements require the Company, among other things, to indemnify the director or officer against specified expenses and liabilities, such as attorneys' fees, judgments, fines and settlements, paid by the individual in connection with any action, suit or proceeding arising out of the individual's status or service as the Company's director or officer, other than liabilities arising from willful misconduct or conduct that is knowingly fraudulent or deliberately dishonest, and to advance expenses incurred by the individual in connection with any proceeding against the individual with respect to which the individual may be entitled to indemnification by the Company. The Company also indemnifies its lessor in connection with its facility lease for certain claims arising from the use of the facility. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying consolidated balance sheets.

PCCA License Agreement

Pursuant to the terms of the PCCA License Agreement, PCCA has granted to the Company and its affiliates certain exclusive rights under PCCA's proprietary formulations, other technologies and data, and the Company has agreed to pay to PCCA certain royalties on net sales relating to the sale of certain future products, which royalties range from 4.5% to 9% for each product, subject to certain minimum royalty payments. PCCA may terminate the PCCA License Agreement if the Company fails to commence efforts to research and develop future products within certain time periods, as set forth in the PCCA License Agreement.

PCCA Strategic Alliance Agreement

On February 18, 2013, the Company entered into a Strategic Alliance Agreement (the "Agreement") with PCCA. Under the Agreement, PCCA has agreed that during the term of the Agreement, it will not introduce any of PCCA's members or customers meeting certain criteria (the "Member/Customers") to any third party whereby such third party licenses or otherwise acquires the intellectual property rights of such Member/Customer, without first presenting such an opportunity to the Company. PCCA may, but is not required to, present such opportunities to the Company, use reasonable efforts to facilitate an introductory meeting between the Member/Customer and the Company, and to further provide certain key technical assistance to a potential development project associated with the Member/Customer's intellectual property rights. In the event the Company and a Member/Customer introduced to the Company by PCCA enter into a commercial agreement for the license or acquisition of the intellectual property rights owned by the Member/Customer, PCCA will be entitled to receive certain cash fees up to an aggregate of $100,000, as well as a commission based on net sales, if any, generated by the Company as a result of the acquired intellectual property rights. The Agreement has a term of one year and is automatically extended for successive one year periods unless either party gives the other written notice of non-renewal.

Asset Purchase Agreements

The Company has acquired intellectual property rights related to certain proprietary innovations from certain inventors (the "Pharmacies") through multiple asset purchase agreements. The asset purchase agreements provide that the Pharmacies will cooperate with the Company in obtaining patent protection for the acquired intellectual property and that the Company will use commercially reasonable efforts to research, develop and commercialize a product based on the acquired intellectual property. In addition, the Company has acquired a right of first refusal on additional intellectual property and drug development opportunities presented by these Pharmacies.

In consideration for the acquisition of the intellectual property rights, the Company is obligated to make payments to the Pharmacies based on the completion of certain milestones, generally consisting of: (1) a payment payable within 30 days after the issuance of the first patent in the United States arising from the acquired intellectual property (if any); (2) a payment payable within 30 days after the Company files the first Investigational New Drug application ("IND") with the FDA for the first product arising from the acquired intellectual property (if any); (3) for certain of the Pharmacies, a payment payable within 30 days after the Company files the first New Drug application with the FDA for the first product arising from the acquired intellectual property (if any); and (4) certain royalty payments based on the net receipts received by the Company in connection with the sale or licensing of any product based on the acquired intellectual property (if any), after deducting (among other things) the Company's development costs associated with such product. If, following five years after the date of the applicable asset purchase agreement, the Company either (a) for certain of the Pharmacies, has not filed an IND or, for the remaining Pharmacies, has not initiated a study where data is derived, or (b) has failed to generate royalty payments to the Pharmacies for any product based on the acquired intellectual property, the Pharmacies may terminate the applicable asset purchase agreement and request that the Company re-assign the acquired technology to the Pharmacies.

NOTE 9. SUBSEQUENT EVENTS

The Company has performed an evaluation of events occurring subsequent to December 31, 2013 through the issuance date of this Annual Report. Based on the Company's evaluation, nothing other than the events described below need to be disclosed.

During January, February and March of 2014, the Company issued a total of 112,187 shares of common stock for gross proceeds of $330,854 for stock option exercises.

During March 2014, the Company issued 3,164 shares of common stock for gross proceeds of $18,747 for warrant exercises.

Pharmacy Creations Acquisition

On February 10, 2014, the Company entered into a Membership Interest Purchase Agreement (the "PC Purchase Agreement") to acquire all of the outstanding membership interests of Pharmacy Creations, LLC ("Pharmacy Creations") from J. Scott Karolchyk and Bernard Covalesky (the "Sellers", and such transaction, the "PC Acquisition"). The acquisition of Pharmacy Creations, a compounding pharmacy located in Randolph, New Jersey, permits the Company to make and dispense its proprietary drug formulations and other novel pharmaceutical solutions in those states in which Pharmacy Creations is authorized to operate. The Company expects to close the PC Acquisition on April 1, 2014.

Under the PC Purchase Agreement, the Company, at closing, is obligated to pay to the Sellers an aggregate cash purchase price of $600,000. In addition, the Sellers are entitled to receive additional contingent consideration upon the satisfaction of certain conditions, as follows:

- A contingent cash payment of $50,000, payable if Pharmacy Creations earns revenue of over $3,500,000 for the 12 month period ending March 31, 2015.

- A contingent stock payment of up to an aggregate of 215,910 shares of our common stock, issuable only if the following revenue milestones are met:

    - if Pharmacy Creations earns revenue of over $7,500,000 during the 12 month period ending March 31, 2016, all 215,190 shares;

    - if Pharmacy Creations earns revenue of between $3,500,000 and $7,500,000 during the 12 month period ending March 31, 2016, an aggregate of that number of shares of our common stock equal to the amount that such revenue exceeds $3,500,000 divided by 18.5882, rounded down to the lower whole number (not to exceed 215,190 shares).

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of September 17, 2007, by and among Imprimis Pharmaceuticals, Inc., Transdel Pharmaceuticals Holdings, Inc. and Trans-Pharma Acquisition Corp. Incorporation (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on September 21, 2007)
2.2	Membership Interest Purchase Agreement, dated February 10, 2014, among John Scott Karolchyk and Bernard Covalesky and Imprimis Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on February 11, 2014)
3.1	Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission September 13, 2007)
3.2*	Amended and Restated Bylaws of Imprimis Pharmaceuticals, Inc.
3.3	Certificate of Designation of Series A Convertible Preferred Stock of Imprimis Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on December 20, 2011)
3.4	Certificate of Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on 10-Q filed with the Securities and Exchange Commission on May 10, 2012)
3.5	Certificate of Amendment to Amended and Restated Certificate of Incorporation, effective on February 7, 2013 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on February 8, 2013)
10.1	Form of Directors and Officers Indemnification Agreement (incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on September 21, 2007)
10.2#	Imprimis Pharmaceuticals, Inc. Amended and Restated 2007 Stock Incentive and Awards Plan (incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on May 8, 2013)
10.3#	Amendment No. 1 to Imprimis Pharmaceuticals, Inc. Amended and Restated 2007 Incentive Stock and Awards Plan (incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on November 6, 2013)
10.4#	Form of Incentive Stock Option Agreement (incorporated herein by reference to Exhibit 10.12 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on September 21, 2007)
10.5#	Form of Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.13 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on September 21, 2007)
10.6#	Form of Restricted Stock Unit Agreement (incorporated herein by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on May 8, 2013)
10.7	Waiver and Settlement Agreement, effective as of January 25, 2012, by and between Imprimis Pharmaceuticals, Inc. and DermaStar International, LLC (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on 10-Q filed with the Securities and Exchange Commission on May 10, 2012)
10.8	Waiver and Settlement Agreement, effective as of January 25, 2012, by and between Imprimis Pharmaceuticals, Inc. and Alexej Ladonnikov (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on 10-Q filed with the Securities and Exchange Commission on May 10, 2012)
10.9#	Employment Agreement, effective as of February 1, 2012, by and between Imprimis Pharmaceuticals, Inc. and Andrew Boll (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on 10-Q filed with the Securities and Exchange Commission on May 10, 2012)
10.10#	Advisory Agreement, effective as of April 1, 2012, by and between Imprimis Pharmaceuticals, Inc. and Dr. Robert Kammer (incorporated by reference to Exhibit 10.4 to the Company's Current Report on 8-K filed with the Securities and Exchange Commission on April 27, 2012)
10.11#	Amendment to Advisory Agreement, dated July 24, 2012, by and between Imprimis Pharmaceuticals, Inc. and Dr. Robert Kammer (incorporated by reference to Exhibit 10.4 to the Company's Current Report on 8-K filed with the Securities and Exchange Commission on July 24, 2012)
10.12	Promissory Note Conversion Agreement, dated as of April 20, 2012, by and between Imprimis Pharmaceuticals, Inc. and DermaStar International, LLC (incorporated herein by reference to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on April 27, 2012)
10.13	Securities Purchase Agreement, dated as of April 20, 2012, by and between Imprimis Pharmaceuticals, Inc. and the investors signatory thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on 8-K filed with the Securities and Exchange Commission on April 27, 2012)

10.14	Form of Warrant dated as of April 25, 2012 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on 8-K filed with the Securities and Exchange Commission on April 27, 2012)
10.15	Conversion Agreement, dated June 29, 2012, by and between Imprimis Pharmaceuticals, Inc. and DermaStar International, LLC (incorporated herein by reference to Exhibit 10.41 to the Company's Registration Statement on Form S-1 (File No. 333-182846) filed on July 25, 2012)
10.16#	Stand-alone Restricted Stock Unit Agreement, dated July 18, 2012, granted by Imprimis Pharmaceuticals, Inc. to Mark L. Baum (incorporated herein by reference to Exhibit 10.40 to the Company's Registration Statement on Form S-1 (File No. 333-182846) filed on July 25, 2012)
10.17#	Stand-alone Restricted Stock Unit Agreement, dated July 18, 2012, granted by Imprimis Pharmaceuticals, Inc. to Robert J. Kammer (incorporated herein by reference to Exhibit 10.41 to the Company's Registration Statement on Form S-1 (File No. 333-182846) filed on July 25, 2012)
10.18	License Agreement, dated as of August 30, 2012, by and between Imprimis Pharmaceuticals, Inc. and Professional Compounding Centers of America, Inc. (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on August 31, 2012)
10.19	Stock Purchase Agreement, dated as of August 30, 2012, by and between Imprimis Pharmaceuticals, Inc. and Professional Compounding Centers of America, Inc. (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on August 31, 2012)
10.20	Form of Underwriter's Warrant (incorporated herein by reference to Exhibit 10.41 to the Company's Registration Statement on Form S-1 (File No. 333-182846) filed on October 26, 2012)
10.21	Strategic Alliance Agreement, dated February 18, 2013, by and between Imprimis Pharmaceuticals, Inc. and Professional Compounding Centers of America, Inc. (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on February 21, 2013)
10.22#	Amended and Restated Employment Agreement, dated May 2, 2013, by and between Imprimis Pharmaceuticals, Inc. and Mark L. Baum (incorporated herein by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on May 8, 2013)
10.23#	Performance Stock Unit Agreement, dated May 2, 2013, by and between Imprimis Pharmaceuticals, Inc. and Mark L. Baum (incorporated herein by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on August 14, 2013)
10.24+	Asset Purchase Agreement, dated June 11, 2013, by and between Imprimis Pharmaceuticals, Inc. and Buderer Drug Company, Inc. (incorporated herein by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on August 14, 2013)
10.25+	Asset Purchase Agreement, dated August 8, 2013, by and among Imprimis Pharmaceuticals, Inc., Novel Drug Solutions, LLC and Eye Care Northwest, PA (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on November 6, 2013)
10.26	Amendment to Asset Purchase Agreement, dated as of October 14, 2013, by and among Imprimis Pharmaceuticals, Inc., Novel Drug Solutions, LLC and EyeCare Northwest, PA (incorporated herein by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Imprimis Pharmaceuticals, Inc. filed with the Securities and Exchange Commission on November 6, 2013)
10.27*+	Asset Purchase Agreement, dated October 8, 2013, by and between Imprimis Pharmaceuticals, Inc. and Novel Drug Solutions, LLC
10.28*	Amendment to Asset Purchase Agreement, dated as of October 21, 2013, by and between Imprimis Pharmaceuticals, Inc. and Buderer Drug Company, Inc.
10.29*	Amendment to Asset Purchase Agreement, dated as of October 21, 2013, by and between Imprimis Pharmaceuticals, Inc. and Novel Drug Solutions, LLC
23.1*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification of Mark L. Baum, Chief Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Andrew R. Boll, Principal Accounting and Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Mark L. Baum, Chief Executive Officer, and Andrew R. Boll, Principal Accounting and Financial Officer.
101.INS*	XBRL Instant Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

Management contract or compensatory plan or arrangement.

* Filed herewith.

+ Confidential treatment has been granted or requested with respect to portions of this exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934 and these confidential portions have been redacted from this filing or the filing that is incorporated by reference, as applicable. A complete copy of this exhibit, including the redacted terms, has been separately filed with the SEC.

EXHIBIT 3.2

AMENDED AND RESTATED BYLAWS

OF

IMPRIMIS PHARMACEUTICALS, INC.

a Delaware corporation

ARTICLE 1

OFFICES

Section 1.1 Registered Office.

The registered office of the Corporation in the State of Delaware shall be set forth in the Certificate of Incorporation of the Corporation.

Section 1.2 Other Offices.

The Corporation may also have offices at such other places, either within or without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE 2

STOCKHOLDERS' MEETINGS

Section 2.1 Place of Meetings.

(a) Meetings of stockholders may be held at such place, either within or without the State of Delaware, as may be designated by or in the manner provided in these Bylaws or, if not so designated, as determined by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as authorized by paragraph (b) of this Section 2.1.

(b) If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication:

(1) Participate in a meeting of stockholders; and

(2) Be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (A) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (B) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (C) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

(c) For purposes of these Bylaws, "remote communication" shall include (1) telephone or other voice communications and (2) electronic mail or other form of written or visual electronic communications satisfying the requirements of Section 2.11(b).

Section 2.2 Annual Meetings.

The annual meetings of the stockholders of the Corporation, for the purpose of election of directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors.

Section 2.3 Special Meetings.

Special meetings of the stockholders of the Corporation may be called, for any purpose or purposes, by the Chairman of the Board or the President or the Board of Directors at any time. Only such business shall be brought before a special meeting of stockholders as shall have been specified in the notice of such meeting.

Section 2.4 Notice of Meetings.

(a) Except as otherwise provided by law or the Certificate of Incorporation, written notice of each meeting of stockholders, specifying the place, if any, date and hour and purpose or purposes of the meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote thereat, directed to his address as it appears upon the books of the Corporation; except that where the matter to be acted on is a merger or consolidation of the Corporation or a sale, lease or exchange of all or substantially all of its assets, such notice shall be given not less than 20 nor more than 60 days prior to such meeting. If the Board of Directors fixes a date for determining the stockholders entitled to notice of a meeting of stockholders, such date shall also be the record date for determining the stockholders entitled to vote at such meeting, unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination.

(b) If at any meeting action is proposed to be taken which, if taken, would entitle stockholders fulfilling the requirements of Section 262(d) of the Delaware General Corporation Law to an appraisal of the fair value of their shares, the notice of such meeting shall contain a statement of that purpose and to that effect and shall be accompanied by a copy of that statutory section.

(c) When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which the adjournment is taken unless the adjournment is for more than thirty days, or unless after the adjournment a new record date is fixed for the adjourned meeting, in which event a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting; provided, however, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting.

(d) Notice of the time, place and purpose of any meeting of stockholders may be waived in writing, either before or after such meeting, and, to the extent permitted by law, will be waived by any stockholder by his attendance thereat, in person or by proxy. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

(e) Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of Delaware General Corporation Law, the Certificate of Incorporation, or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (i) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent, and (ii) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this subparagraph (e) shall be deemed given: (1) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of these Bylaws, “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 2.5 Quorum and Voting.

(a) At all meetings of stockholders except where otherwise provided by law, the Certificate of Incorporation or these Bylaws, the presence, in person or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. Shares, the voting of which at said meeting have been enjoined, or which for any reason cannot be lawfully voted at such meeting, shall not be counted to determine a quorum at said meeting. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. At such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the original meeting. The stockholders present at a duly called or convened meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

(b) Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, all action taken by the holders of a majority of the votes cast on a matter affirmatively or negatively shall be valid and binding upon the Corporation. For purposes of these Bylaws, a share present at a meeting, but for which there is an abstention or as to which a stockholder gives no authority or direction as to a particular proposal or director nominee, shall be counted as present for the purpose of establishing a quorum but shall not be counted as a vote cast.

(c) Where a separate vote by a class or classes is required, a majority of the outstanding shares of such class or classes present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter, and the affirmative vote of the majority of votes cast of such class or classes present in person or represented by proxy at the meeting shall be the act of such class.

Section 2.6 Voting Rights.

(a) Except as otherwise provided by law, only persons in whose names shares entitled to vote stand on the stock records of the Corporation on the record date for determining the stockholders entitled to vote at said meeting shall be entitled to vote at such meeting. Shares standing in the names of two or more persons shall be voted or represented in accordance with the determination of the majority of such persons, or, if only one of such persons is present in person or represented by proxy, such person shall have the right to vote such shares and such shares shall be deemed to be represented for the purpose of determining a quorum.

(b) Every person entitled to vote or to execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent, which proxy shall be filed with the Secretary of the Corporation at or before the meeting at which it is to be used. Said proxy so appointed need not be a stockholder. No proxy shall be voted on after three (3) years from its date unless the proxy provides for a longer period. Unless and until voted, every proxy shall be revocable at the pleasure of the person who executed it or of his legal representatives or assigns, except in those cases where an irrevocable proxy permitted by statute has been given.

(c) Without limiting the manner in which a stockholder may authorize another person or persons to act for him as proxy pursuant to subsection (b) of this section, the following shall constitute a valid means by which a stockholder may grant such authority:

(1) A stockholder may execute a writing authorizing another person or persons to act for him as proxy. Execution may be accomplished by the stockholder or his authorized officer, director, employee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature.

(2) A stockholder may authorize another person or persons to act for him as proxy by transmitting or authorizing the transmission of an electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such transmission must either set forth or be submitted with information from which it can be determined that the transmission was authorized by the stockholder. Such authorization can be established by the signature of the stockholder on the proxy, either in writing or by a signature stamp or facsimile signature, or by a number or symbol from which the identity of the stockholder can be determined, or by any other procedure deemed appropriate by the inspectors or other persons making the determination as to due authorization. If it is determined that such transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information upon which they relied.

(d) Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to subsection (c) of this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 2.7 Voting Procedures and Inspectors of Elections.

(a) The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

(b) The inspectors shall (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

(c) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery shall determine otherwise upon application by a stockholder.

(d) In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in accordance with Sections 211(e) or 212(c)(2) of the Delaware General Corporation Law, or any information provided pursuant to Section 211(a)(2)(B)(i) or (iii) thereof, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification pursuant to subsection (b)(v) of this section shall specify the precise information considered by them including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 2.8 List of Stockholders.

The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. The Corporation need not include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 2.9 Stockholder Proposals at Annual Meetings.

At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a stockholder who complies with the procedures set forth in this Section 2.9. The foregoing clause (iii) shall be the exclusive means for a stockholder to propose business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) at an annual meeting of stockholders.

In addition to any other applicable requirements for business to be properly brought before an annual meeting by a stockholder, whether or not the stockholder is seeking to have a proposal included in the Corporation's proxy statement or information statement under Rule 14a-8 under the Exchange Act, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, in the case of a stockholder seeking to have a proposal included in the Corporation's proxy statement or information statement, a stockholder's notice must be delivered to the Secretary at the Corporation's principal executive offices not less than 120 days or more than 180 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials (or, in the absence of proxy materials, its notice of meeting) for the previous year's annual meeting of stockholders. However, if the Corporation did not hold an annual meeting the previous year, or if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, then to be timely, notice by the stockholder must be delivered to the Secretary at the Corporation's principal executive offices not later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the 15th day following the day on which public announcement of the date of such meeting is first made. If the stockholder is not seeking inclusion of the proposal in the Corporation's proxy statement or information statement, timely notice consists of a stockholder's notice delivered to or mailed and received at the principal executive offices of the Corporation not less than 90 days prior to the date of the annual meeting. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. Other than with respect to stockholder proposals relating to director nomination(s), which requirements are set forth in Section 2.10 below, a stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of the Corporation which are beneficially owned by the stockholder, (iv) any material interest of the stockholder in such business, (v) as to the stockholder giving the notice and any Stockholder Associated Person (as defined below) or any member of such stockholder's immediate family sharing the same household, whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including, but not limited to, any short position or any borrowing or lending of shares of stock) has been made, the effect or intent of which is to mitigate loss or increase profit to or manage the risk or benefit of stock price changes for, or to increase or decrease the voting power of, such stockholder, such Stockholder Associated Person or family member with respect to any share of stock of the Corporation (each, a "Relevant Hedge Transaction"), and (vi) as to the stockholder giving the notice and any Stockholder Associated Person or any member of such stockholder's immediate family sharing the same household, to the extent not set forth pursuant to the immediately preceding clause, (a) whether and the extent to which such stockholder, Stockholder Associated Person or family member has direct or indirect beneficial ownership of any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (a "Derivative Instrument"), (b) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder, Stockholder Associated Person or family member that are separated or separable from the underlying shares of the Corporation, (c) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder, Stockholder Associated Person or family member is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (d) any performance-related fees (other than an asset-based fee) that such stockholder, Stockholder Associated Person or family member is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice (which information shall be supplemented by such stockholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date).

For purposes of this Section 2.9 and Section 2.10, “Stockholder Associated Person” of any stockholder shall mean (i) any person controlling or controlled by, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder and (iii) any person controlling, controlled by or under common control with such Stockholder Associated Person.

Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in Section 2.1 and this Section 2.9, provided, however, that nothing in this Section 2.9 shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting in accordance with said procedure.

The chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of Section 2.1 and this Section 2.9, and if he should so determine he shall so declare to the meeting, and any such business not properly brought before the meeting shall not be transacted.

Nothing in this Section 2.9 shall affect the right of a stockholder to request inclusion of a proposal in the Corporation’s proxy statement or information statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2.10 Nominations of Persons for Election to the Board of Directors.

In addition to any other applicable requirements, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (i) pursuant to the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) by or at the direction of the Board of Directors, or by any nominating committee or person appointed by the Board of Directors or (iii) by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 2.10. The foregoing clause (iii) shall be the exclusive means for a stockholder to make nominations at a meeting of stockholders. A stockholder who complies with the notice procedures set forth in this Section 2.10 is permitted to present the nomination at the meeting of stockholders but is not entitled to have a nominee included in the Corporation's proxy statement in the absence of an applicable rule of the U.S. Securities and Exchange Commission requiring the Corporation to include a director nomination made by a stockholder in the Corporation's proxy statement or information statement.

Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, notice by the stockholder must be delivered to the Secretary at the Corporation's principal executive offices not later than 90 days prior to the date of the annual meeting. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. The stockholder's notice relating to director nomination(s) shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of the Corporation which are beneficially owned by the person, and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Exchange Act; (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder, and (ii) the class and number of shares of the Corporation which are beneficially owned by the stockholder; (c) as to the stockholder giving the notice and any Stockholder Associated Person (as defined in Section 2.9), to the extent not set forth pursuant to the immediately preceding clause, whether and the extent to which any Relevant Hedge Transaction (as defined in Section 2.9) has been entered into, and (d) as to the stockholder giving the notice and any Stockholder Associated Person, (1) whether and the extent to which any Derivative Instrument (as defined in Section 2.9) is directly or indirectly beneficially owned, (2) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (3) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (4) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder's immediate family sharing the same household (which information shall be supplemented by such stockholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date). The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. The stockholder giving such notice shall indemnify the Corporation in respect of any loss arising as a result of any false or misleading information or statement submitted by the nominating stockholder in connection with the nomination, as provided by Section 112(5) of the Delaware General Corporation Law. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein. These provisions shall not apply to nomination of any persons entitled to be separately elected by holders of preferred stock.

For purposes of this Section 2.10, "Stockholder Associated Person" of any stockholder shall mean (i) any person controlling or controlled by, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder and (iii) any person controlling, controlled by or under common control with such Stockholder Associated Person.

The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 2.11 Action Without Meeting.

(a) Unless otherwise provided in the Certificate of Incorporation, any action required by statute to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing setting forth the action so taken are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. To be effective, a written consent must be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered in the manner required by this section to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation in accordance with this section. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

(b) An electronic transmission consent to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such electronic transmission sets forth or is delivered with information from which the Corporation can determine (i) that the electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder, and (ii) the date on which such stockholder or proxyholder or authorized person or persons transmitted such electronic transmission. The date on which such electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by electronic transmission may be otherwise delivered to the principal place of business of the Corporation or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded if to the extent and in the manner provided by resolution of the Board of Directors of the Corporation.

(c) Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

ARTICLE 3

DIRECTORS

Section 3.1 Number and Term of Office.

(a) The number of directors of the corporation shall not be less than one (1) nor more than ten (10) until changed by amendment of the Certificate of Incorporation or by a Bylaw amending this Section 3.1 duly adopted by the vote or written consent of holders of a majority of the outstanding shares or by the Board of Directors. The exact number of directors shall be fixed from time to time, within the limits specified in the Certificate of Incorporation or in this Section 3.1, by a bylaw or amendment thereof duly adopted by the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present, or by the written consent of the holders of a majority of the outstanding shares entitled to vote, or by the Board of Directors. Subject to the foregoing provisions for changing the number of directors, the number of directors of the corporation has been fixed at five (5). In no case will a decrease in the number of directors shorten the term of any incumbent director.

(b) With the exception of the first Board of Directors, which shall be elected by the incorporators, and except as provided in Section 3.3 of this Article III, the directors shall be elected by a plurality vote of the votes cast and entitled to vote on the election of directors at any meeting for the election of directors at which a quorum is present. Elected directors shall hold office until the next annual meeting and until their successors shall be duly elected and qualified. Directors need not be stockholders. If, for any cause, the Board of Directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws

Section 3.2 Powers.

The powers of the Corporation shall be exercised, its business conducted and its property controlled by or under the direction of the Board of Directors.

Section 3.3 Vacancies.

Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and each director so elected shall hold office for the unexpired portion of the term of the director whose place shall be vacant and until his successor shall have been duly elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this section in the case of the death, removal or resignation of any director, or if the stockholders fail at any meeting of stockholders at which directors are to be elected (including any meeting referred to in Section 3.4 below) to elect the number of directors then constituting the whole Board of Directors.

Section 3.4 Resignations and Removals.

(a) Any director may resign at any time by delivering his resignation to the Secretary in writing or by electronic transmission, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board of Directors effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until his successor shall have been duly elected and qualified.

(b) At a special meeting of stockholders called for the purpose in the manner hereinabove provided, the Board of Directors or any individual director may be removed from office, with or without cause, and a new director or directors elected by a vote of stockholders holding a majority of the outstanding shares entitled to vote at an election of directors.

Section 3.5 Meetings.

(a) The annual meeting of the Board of Directors shall be held immediately after the annual stockholders' meeting and at the place where such meeting is held or at the place announced by the chairman at such meeting. No notice of an annual meeting of the Board of Directors shall be necessary, and such meeting shall be held for the purpose of electing officers and transacting such other business as may lawfully come before it.

(b) Except as hereinafter otherwise provided, regular meetings of the Board of Directors shall be held at the principal executive office of the Corporation. Regular meetings of the Board of Directors may also be held at any place, within or without the State of Delaware, which has been designated by resolutions of the Board of Directors or the written consent of all directors.

(c) Special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board or, if there is no Chairman of the Board, by the President, or by any of the directors.

(d) Written notice of the time and place of all regular and special meetings of the Board of Directors shall be delivered personally to each director or sent by any form of electronic transmission at least 48 hours before the start of the meeting, or sent by first class mail at least 120 hours before the start of the meeting. Notice of any meeting may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat.

Section 3.6 Quorum and Voting.

(a) A quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time in accordance with Section 3.1 of Article III of these Bylaws, but not less than one; provided, however, at any meeting, whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by a vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation, or these Bylaws.

(c) Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) The transactions of any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the directors not present shall sign a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 3.7 Action Without Meeting.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.8 Fees and Compensation.

Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement for expenses, as may be fixed or determined by resolution of the Board of Directors.

Section 3.9 Committees.

(a) **Executive Committee:** The Board of Directors may appoint an Executive Committee of not less than one member, each of whom shall be a director. The Executive Committee, to the extent permitted by law, shall have and may exercise when the Board of Directors is not in session all powers of the Board in the management of the business and affairs of the corporation, except such committee shall not have the power or authority to amend these Bylaws or to approve or recommend to the stockholders any action which must be submitted to stockholders for approval under the General Corporation Law.

(b) **Other Committees:** The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, from time to time appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committee, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) **Term:** The terms of members of all committees of the Board of Directors shall expire on the date of the next annual meeting of the Board of Directors following their appointment; provided that they shall continue in office until their successors are appointed. Subject to the provisions of subsections (a) or (b) of this Section 3.9, the Board of Directors may at any time increase or decrease the number of members of a committee or terminate the existence of a committee; provided that no committee shall consist of less than one member. The membership of a committee member shall terminate on the date of his death or voluntary resignation, but the Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) **Meetings:** Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 3.9 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter; special meetings of any such committee may be held at the principal executive office of the Corporation or at any place which has been designated from time to time by resolution of such committee or by written consent of all members thereof, and may be called by any director who is a member of such committee upon written notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of written notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time after the meeting and will be waived by any director by attendance thereat. A majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

ARTICLE 4

OFFICERS

Section 4.1 Officers Designated.

The officers of the Corporation shall be a President, a Secretary and a Treasurer. The Board of Directors or the President may also appoint a Chairman of the Board, one or more Vice-Presidents, Assistant Secretaries, Assistant Treasurers, and such other officers and agents with such powers and duties as it or he shall deem necessary. The order of the seniority of the Vice- Presidents shall be in the order of their nomination unless otherwise determined by the Board of Directors. The Board of Directors may assign such additional titles to one or more of the officers as they shall deem appropriate. Any one person may hold any number of offices of the Corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the Corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 4.2 Tenure and Duties of Officers.

(a) **General:** All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors. Nothing in these Bylaws shall be construed as creating any kind of contractual right to employment with the Corporation.

(b) **Duties of the Chairman of the Board of Directors:** The Chairman of the Board of Directors (if there be such an officer appointed) when present shall preside at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(c) **Duties of President:** The President shall be the chief executive officer of the Corporation and shall preside at all meetings of the stockholders and at all meetings of the Board of Directors, unless the Chairman of the Board of Directors has been appointed and is present. The President shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(d) **Duties of Vice-Presidents:** The Vice-Presidents, in the order of their seniority, may assume and perform the duties of the President in the absence or disability of the President or whenever the office of the President is vacant. The Vice-President shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(e) **Duties of Secretary:** The Secretary shall attend all meetings of the stockholders and of the Board of Directors and any committee thereof, and shall record all acts and proceedings thereof in the minute book of the Corporation, which may be maintained in either paper or electronic form. The Secretary shall give notice, in conformity with these Bylaws, of all meetings of the stockholders and of all meetings of the Board of Directors and any Committee thereof requiring notice. The Secretary shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The President may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(f) **Duties of Treasurer:** The Treasurer shall keep or cause to be kept the books of account of the Corporation in a thorough and proper manner, and shall render statements of the financial affairs of the Corporation in such form and as often as required by the Board of Directors or the President. The Treasurer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the Corporation. The Treasurer shall perform all other duties commonly incident to his office and shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. The President may direct any Assistant Treasurer to assume and perform the duties of the Treasurer in the absence or disability of the Treasurer, and each Assistant Treasurer shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

ARTICLE 5

EXECUTION OF CORPORATE INSTRUMENTS, AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 5.1 Execution of Corporate Instruments.

(a) The Board of Directors may in its discretion determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except where otherwise provided by law, and such execution or signature shall be binding upon the Corporation.

(b) Unless otherwise specifically determined by the Board of Directors or otherwise required by law, formal contracts of the Corporation, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the Corporation, and other corporate instruments or documents requiring the corporate seal, and certificates of shares of stock owned by the Corporation, shall be executed, signed or endorsed by the Chairman of the Board (if there be such an officer appointed) or by the President; such documents may also be executed by any Vice-President and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer. All other instruments and documents requiring the corporate signature but not requiring the corporate seal may be executed as aforesaid or in such other manner as may be directed by the Board of Directors.

(c) All checks and drafts drawn on banks or other depositaries on funds to the credit of the Corporation or in special accounts of the Corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

(d) Execution of any corporate instrument may be effected in such form, either manual, facsimile or electronic signature, as may be authorized by the Board of Directors.

Section 5.2 Voting of Securities Owned by Corporation.

All stock and other securities of other Corporations owned or held by the Corporation for itself or for other parties in any capacity shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors or, in the absence of such authorization, by the Chairman of the Board (if there be such an officer appointed), or by the President, or by any Vice-President.

ARTICLE 6

SHARES OF STOCK

Section 6.1 Form and Execution of Certificates.

The shares of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Certificates for the shares of stock of the Corporation shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the Chairman of the Board (if there be such an officer appointed), or by the President or any Vice-President and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares owned by him in the Corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the Delaware General Corporation Law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 6.2 Lost Certificates.

The Board of Directors may direct a new certificate or certificates (or uncertificated shares in lieu of a new certificate) to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates (or uncertificated shares in lieu of a new certificate), the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to indemnify the Corporation in such manner as it shall require and/or to give the Corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

Section 6.3 Transfers.

Transfers of record of shares of stock of the Corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, who shall furnish proper evidence of authority to transfer, and in the case of stock represented by a certificate, upon the surrender of a certificate or certificates for a like number of shares, properly endorsed.

Section 6.4 Fixing Record Dates.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the date on which the meeting is held. A determination of stockholders of record entitled notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing or by electronic transmission without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing or by electronic transmission without a meeting, when no prior action by the Board of Directors is required by the Delaware General Corporation Law, shall be the first date on which a signed written consent or electronic transmission setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded; provided that any such electronic transmission shall satisfy the requirements of Section 2.11(b) and, unless the Board of Directors otherwise provides by resolution, no such consent by electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing or by electronic transmission without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6.5 Registered Stockholders.

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE 7

OTHER SECURITIES OF THE CORPORATION

All bonds, debentures and other corporate securities of the Corporation, other than stock certificates, may be signed by the Chairman of the Board (if there be such an officer appointed), or the President or any Vice-President or such other person as may be authorized by the Board of Directors and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signature of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the Corporation, or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon has ceased to be an officer of the Corporation before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the Corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the Corporation.

ARTICLE 8

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

Section 8.1 Right to Indemnification.

Each person who was or is a party or is threatened to be made a party to or is involved (as a party, witness, or otherwise), in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter a "Proceeding"), by reason of the fact that he, or a person of whom he is the legal representative, is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another Corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans, whether the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent (hereafter an "Agent"), shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended or interpreted (but, in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Corporation to provide broader indemnification rights than were permitted prior thereto) against all expenses, liability, and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid or to be paid in settlement, and any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed on any Agent as a result of the actual or deemed receipt of any payments under this Article) reasonably incurred or suffered by such person in connection with investigating, defending, being a witness in, or participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding (hereinafter "Expenses"); *provided, however*, that except as to actions to enforce indemnification rights pursuant to Section 9.3 of this Article, the Corporation shall indemnify any Agent seeking indemnification in connection with a Proceeding (or part thereof) initiated by such person only if the Proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Article shall be a contract right.

Section 8.2 Authority to Advance Expenses.

Expenses incurred by an officer or director (acting in his capacity as such) in defending a Proceeding shall be paid by the Corporation in advance of the final disposition of such Proceeding, provided, however, that if required by the Delaware General Corporation Law, as amended, such Expenses shall be advanced only upon delivery to the Corporation of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article or otherwise. Expenses incurred by other Agents of the Corporation (or by the directors or officers not acting in their capacity as such, including service with respect to employee benefit plans) may be advanced upon such terms and conditions as the Board of Directors deems appropriate. Any obligation to reimburse the Corporation for Expense advances shall be unsecured and no interest shall be charged thereon.

Section 8.3 Right of Claimant to Bring Suit.

If a claim under Section 8.1 or 8.2 of this Article is not paid in full by the Corporation within 120 days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense (including attorneys' fees) of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending a Proceeding in advance of its final disposition where the required undertaking has been tendered to the Corporation) that the claimant has not met the standards of conduct that make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed. The burden of proving such a defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper under the circumstances because he has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

Section 8.4 Provisions Nonexclusive.

The rights conferred on any person by this Article shall not be exclusive of any other rights that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office. To the extent that any provision of the Certificate of Incorporation, agreement, or vote of the stockholders or disinterested directors is inconsistent with these Bylaws, the provision, agreement, or vote shall take precedence.

Section 8.5 Authority to Insure.

The Corporation may purchase and maintain insurance to protect itself and any Agent against any Expense, whether or not the Corporation would have the power to indemnify the Agent against such Expense under applicable law or the provisions of this Article.

Section 8.6 Survival of Rights.

The rights provided by this Article shall continue as to a person who has ceased to be an Agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 8.7 Settlement of Claims.

The Corporation shall not be liable to indemnify any Agent under this Article (a) for any amounts paid in settlement of any action or claim effected without the Corporation's written consent, which consent shall not be unreasonably withheld; or (b) for any judicial award if the Corporation was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action.

Section 8.8 Effect of Amendment.

Any amendment, repeal, or modification of this Article shall not adversely affect any right or protection of any Agent existing at the time of such amendment, repeal, or modification.

Section 8.9 Subrogation.

In the event of payment under this Article, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the Agent, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the corporation effectively to bring suit to enforce such rights.

Section 8.10 No Duplication of Payments.

The Corporation shall not be liable under this Article to make any payment in connection with any claim made against the Agent to the extent the Agent has otherwise actually received payment (under any insurance policy, agreement, vote, or otherwise) of the amounts otherwise indemnifiable hereunder.

Section 8.11 Saving Clause.

If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Agent to the fullest extent not prohibited by any applicable portion of this Article that shall not have been invalidated, or by any other applicable law.

ARTICLE 9

NOTICES

Whenever, under any provisions of these Bylaws, notice is required to be given to any stockholder, the same shall be given either (1) in writing, timely and duly deposited in the United States Mail, postage prepaid, and addressed to his last known post office address as shown by the stock record of the Corporation or its transfer agent, or (2) by a means of electronic transmission that satisfies the requirements of Section 2.4(e) of these Bylaws, and has been consented to by the stockholder to whom the notice is given. Any notice required to be given to any director may be given by either of the methods hereinabove stated, except that such notice other than one which is delivered personally, shall be sent to such address or (in the case of electronic communication) such e-mail address, facsimile telephone number or other form of electronic address as such director shall have filed in writing or by electronic communication with the Secretary of the Corporation, or, in the absence of such filing, to the last known post office address of such director. If no address of a stockholder or director be known, such notice may be sent to the principal executive office of the Corporation. An affidavit of mailing, executed by a duly authorized and competent employee of the Corporation or its transfer agent appointed with respect to the class of stock affected, specifying the name and address or the names and addresses of the stockholder or stockholders, director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall be conclusive evidence of the statements therein contained. All notices given by mail, as above provided, shall be deemed to have been given as at the time of mailing and all notices given by means of electronic transmission shall be deemed to have been given as at the sending time recorded by the electronic transmission equipment operator transmitting the same. It shall not be necessary that the same method of giving notice be employed in respect of all directors, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others. The period or limitation of time within which any stockholder may exercise any option or right, or enjoy any privilege or benefit, or be required to act, or within which any director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent him in the manner above provided, shall not be affected or extended in any manner by the failure of such a stockholder or such director to receive such notice. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation, or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the Corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Corporation is such as to require the filing of a certificate under any provision of the Delaware General Corporation Law, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

ARTICLE 10

AMENDMENTS

Except as otherwise provided in Section 8.8 above, these Bylaws may be repealed, altered or amended or new Bylaws adopted by written consent of stockholders in the manner authorized by Section 2.11 of Article II, or at any meeting of the stockholders, either annual or special, by the affirmative vote of a majority of the stock entitled to vote at such meeting, unless a larger vote is required by these Bylaws or the Certificate of Incorporation. Except as otherwise provided in Section 8.8 above, the Board of Directors shall also have the authority to repeal, alter or amend these Bylaws or adopt new Bylaws (including, without limitation, the amendment of any Bylaws setting forth the number of directors who shall constitute the whole Board of Directors) by unanimous written consent or at any annual, regular, or special meeting by the affirmative vote of a majority of the whole number of directors, subject to the power of the stockholders to change or repeal such Bylaws and provided that the Board of Directors shall not make or alter any Bylaws fixing the qualifications, classifications, or term of office of directors.

CERTIFICATE OF SECRETARY

The undersigned, Secretary of Imprimis Pharmaceuticals, Inc., a Delaware corporation, hereby certifies that the foregoing is a full, true and correct copy of the Bylaws of said corporation, with all amendments to date of this Certificate.

WITNESS the signature of the undersigned this 26th day of March, 2014.

/s/ Jeannette V Filippone

Jeannette V. Filippone,
Secretary

AMENDED AND RESTATED BYLAWS

OF

IMPRIMIS PHARMACEUTICALS, INC.

a Delaware corporation

dated as of March 26, 2014

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

CONFIDENTIAL TREATMENT REQUESTED. OMITTED PORTIONS ARE MARKED WITH [***] AND HAVE BEEN FILED SEPARATELY WITH THE SEC.

EXHIBIT 10.27

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") dated as of October 8, 2013 (the "Effective Date"), is entered into between NOVEL DRUG SOLUTIONS, LLC, a New Jersey limited liability company ("Seller"), with a place of business at 540 State Route 10, Suite 3, Randolph, NJ 07869, and IMPRIMIS PHARMACEUTICALS, INC., a Delaware corporation ("Imprimis"), with a place of business at 12626 High Bluff Drive, Suite 150, San Diego, California 92130. The parties hereby agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the respective meanings set forth below and grammatical variations of such terms shall have corresponding meanings:

1.1 "Affiliate" shall mean, with respect to any Person, any other Person which directly or indirectly controls, is controlled by, or is under common control with, such Person. A Person shall be regarded as in control of another Person if it owns, or directly or indirectly controls, more than fifty percent (50%) of the voting stock or other ownership interest of the other Person, or if it directly or indirectly possesses the power to direct or cause the direction of the management and policies of the other Person by any means whatsoever.

1.2 "Assets" shall mean, collectively, (a) the Technology; (b) all discoveries, inventions, technology, compositions, formulations, samples, components, processes, standards, methods, procedures and techniques relating thereto; (c) all formulae, data, information, results of experimentation and testing, and other know-how, whether or not patentable or copyrightable, relating thereto; (d) all product registrations and applications therefor relating thereto; and (e) all intellectual property rights and other assets relating thereto (including without limitation the Assigned Patent Rights).

1.3 "Assigned Patent Rights" shall mean, collectively, (a) all patent applications (including provisional patent applications) in any jurisdiction that claim the Technology, together with all divisionals, continuations and continuations-in-part that claim priority to, or common priority with, the foregoing; (b) all patents issuing therefrom (including utility models and design patents and certificates of invention), together with all reissues, renewals, extensions or additions thereof and thereto; and (c) all foreign counterparts with or to any of the foregoing.

1.4 "Contract" or "Contracts" shall mean any mortgage, indenture, lease, contract, covenant, arrangement, agreement, instrument, commitment, purchase order or license.

1.5 "Development Recovery Amount" shall mean, with respect to any Product, the fully-burdened costs (determined in accordance with GAAP, consistently applied) to Imprimis or its Affiliates incurred or accrued in connection with the research, development, production and regulatory approval of such Product.

1.6 "Encumbrance" or "Encumbrances" shall mean any encumbrance, lien, charge, hypothecation, pledge, mortgage, adverse claim, option, preemptive right, or other security interest of any nature, or any Contract to create any of the foregoing entered into by Seller on or before the Effective Date.

1.7 “First Commercial Sale” shall mean, with respect to any Product, the first sale of such Product after all applicable marketing and pricing approvals (if any) have been granted by the applicable governing health authority of such country.

1.8 “GAAP” shall mean United States generally accepted accounting principles.

1.9 “Knowledge of Seller” or “Seller’s Knowledge” shall mean the actual knowledge of any director, officer, member or employee of Seller and the Knowledge such individuals would reasonably be expected to obtain in the course of diligently performing his or her duties for Seller and/or making a reasonable inquiry into the matters contemplated by this Agreement.

1.10 “Licensee” shall mean a Third Party to whom Imprimis or its Affiliate has granted a license, immunity or other right under the Assigned Patent Rights to offer to sell, sell or otherwise commercialize one or more Products, provided such license has not expired or been terminated.

1.11 “Net Licensing Revenues” shall mean, with respect to any Product, the aggregate cash consideration received by Imprimis or its Affiliates in consideration for the grant by Imprimis or its Affiliates to a Licensee of a license, immunity or other right under the Assigned Patent Rights to offer to sell, sell or otherwise commercialize such Product (excluding amounts received to reimburse Imprimis or its Affiliates for research, development or similar services conducted for such Product, in reimbursement of patent or other out-of-pocket expenses relating to such Product, or in consideration for the purchase of any debt or securities of Imprimis or its Affiliates).

1.12 “Net Receipts” shall mean, with respect to any Product, the aggregate of the Net Sales thereof and Net Licensing Revenues therefrom in excess of the Development Recovery Amount therefor.

1.13 “Net Sales” shall mean, with respect to any Product, the gross sales price of such Product invoiced by Imprimis and its Affiliates to customers who are not Affiliates (or are Affiliates but are the end users of such Product), less (a) credits, allowances, discounts and rebates to, and chargebacks from the account of, such customers; (b) freight and insurance costs in transporting such Product; (c) cash, quantity and trade discounts, rebates and other price reductions for such Product; (d) sales, use, value-added and other direct taxes; (e) customs duties, tariffs, surcharges and other governmental charges incurred in exporting or importing such Product; (f) an allowance for uncollectible or bad debts determined in accordance with generally accepted accounting principles; and (g) the fully-burdened cost of goods sold determined in accordance with generally accepted accounting principles.

1.14 “Payment Period” shall mean, on a Product-by-Product and country-by-country basis, the period of time beginning on the date of the First Commercial Sale of such Product in such country and continuing during the term for which a valid claim of an issued patent within the Assigned Patent Rights in such country remains in effect and would be infringed but for rights under the Assigned Patent Rights by the use, offer for sale, sale or import of such Product in such country.

1.15 “Person” shall mean any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity, as well as any syndicate or group of any of the foregoing.

1.16 “Product” will mean any product, in any form or formulation, comprising injectable ophthalmological compositions comprising epinephrine, in each case for use in the prevention or treatment of any disease, state or condition in humans, which if made, used, offered for sale, sold or imported absent rights under the Assigned Patent Rights would infringe a valid claim of an issued patent within the Assigned Patent Rights.

1.17 “Tax” or “Taxes” shall mean any and all federal, state, local and foreign taxes, assessments and other governmental charges, duties, impositions and liabilities, including taxes based upon or measured by gross receipts, income, profits, sales, use and occupation, and value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes as well as public imposts, fees and social security charges (including but not limited to health, unemployment and pension insurance), together with all interest, penalties and additions imposed with respect to such amounts and any obligation under any agreement or arrangement with any other Person with respect to such amounts and including any liability for taxes of a predecessor entity.

1.18 “Technology” shall mean, collectively, (a) any product in any form or formulation comprising any one or more of injectable ophthalmological compositions comprising epinephrine; and (b) all methods of manufacture and use of the foregoing.

1.19 “Third Party” shall mean any Person other than Imprimis, Seller or their respective Affiliates.

2. Purchase and Sale of the Assets.

2.1 Assets. Subject to the terms and conditions of this Agreement, Imprimis hereby agrees to, and hereby does, purchase from Seller, and Seller hereby agrees to, and hereby does, sell, convey, transfer and assign to Imprimis, on the Effective Date, all of Seller’s right, title and interest in and to the Assets, including without limitation all those assets described on Schedule 1 of the Patent Assignment attached hereto as Exhibit A. Concurrently with the execution of this Agreement, Seller shall deliver all required consents to Material Contracts (as defined below) as set forth on Schedule 3.7 hereof. To the extent necessary to comply with applicable privacy laws, Seller shall have the right to redact patient identifying information from any data or information transferred to Imprimis.

2.2 No Assumption of Liabilities. Imprimis shall not be obligated to assume or perform and is not assuming or performing any liabilities or obligations of Seller which relate to Seller’s ownership of the Assets prior to the Effective Date or otherwise, whether known or unknown, fixed or contingent, certain or uncertain, and regardless of when they are or were asserted, and Seller shall remain responsible for and shall promptly pay such liabilities.

2.3 Transfer Documents. The sale, conveyance, transfer and assignment of the Assets may be further evidenced by the due execution and delivery by the parties of any additional bills of sale, assignment or other title transfer documents and instruments as reasonably requested by Imprimis. Without limiting the generality of the foregoing, (a) on the Effective Date, Seller shall duly execute and deliver to Imprimis the patent assignment in the form attached as Exhibit A (the "Patent Assignment") evidencing the sale, conveyance, transfer and assignment of the Assigned Patent Rights from Seller to Imprimis in accordance with this Agreement, and (b) at such time as reasonably requested by Imprimis on or after the Effective Date, Seller shall duly execute and deliver to Imprimis such additional bills of sale, assignment or other title transfer documents and instruments as reasonably requested by Imprimis evidencing the sale, conveyance, transfer and assignment of the Assets in accordance with this Agreement.

2.4 Consideration. The consideration for the sale to Imprimis of the Assets under this Agreement shall consist of the following (collectively, the "Purchase Price"):

2.4.1 [***], payable within thirty (30) days after Imprimis, its Affiliate or Licensee files the first Investigational New Drug application with the United States Food and Drug Administration for the first Product;

2.4.2 [***], payable within thirty (30) days after Imprimis, its Affiliate or Licensee files the first New Drug Application with the United States Food and Drug Administration for the first Product;

2.4.3 [***], payable within thirty (30) days after the date of the issuance of the first patent in the United States within the Assigned Patent Rights; and

2.4.4 the Net Sales Payment Consideration (as defined below).

2.5 Allocation of Purchase Price. The Purchase Price shall be allocated, if an allocation is required, by Imprimis within sixty (60) days following a determination that such allocation is required. After the Effective Date, Imprimis and Seller shall make consistent use of any allocation required under Section 1060 of the Internal Revenue Code for all Tax purposes and in all filings, declarations and reports with the Internal Revenue Service or any other applicable taxing authority in respect thereof. In any and all actions, suits, proceedings, arbitration, or governmental or regulatory investigations or audits related to the determination of any Tax, neither Imprimis nor Seller shall contend or represent that such allocation is not a correct allocation.

3. Representations and Warranties of Seller. Seller hereby represents and warrants to Imprimis, except as indicated on the disclosure schedules attached to this Agreement, as follows:

3.1 Authority and Binding Effect. Seller has the full power and authority to execute and deliver this Agreement, the Patent Assignment and other documents and instruments contemplated hereby. This Agreement, the Patent Assignment and other documents and instruments contemplated hereby, and the consummation by Seller of its obligations contained herein and therein, have been duly authorized by all necessary actions of Seller, and this Agreement, the Patent Assignment and other documents and instruments contemplated hereby have been duly executed and delivered by Seller. This Agreement, the Patent Assignment and other documents and instruments contemplated hereby are valid and binding agreements of Seller, enforceable against Seller in accordance with their respective terms.

3.2 Organization and Standing. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of New Jersey. Seller is qualified to do business in each jurisdiction where such qualification is necessary. Seller has the requisite corporate power and authority to conduct its business as now conducted, to own the Assets and to use such Assets in the conduct of its business.

3.3 Intellectual Property.

3.3.1 All Assigned Patent Rights as of the Effective Date are listed in Schedule 1 of the Patent Assignment attached hereto as Exhibit A.

3.3.2 Seller has good and marketable title to each of the Assets, and each of the Assets is held or controlled by Seller free and clear of any Encumbrances (including without limitation any distribution rights and royalty rights). All Assets and will be fully transferable, alienable or licensable by Imprimis without restriction and without payment of any kind to any Third Party.

3.3.3 All Assets (including without limitation the Assigned Patent Rights) are currently in compliance with applicable legal requirements (including payment of filing, examination and maintenance fees and proofs of use), and are not subject to any unpaid maintenance fees or taxes or actions falling due within ten (10) days after the Effective Date.

3.3.4 To the extent that any Assets were originally owned or created by or for any Person other than Seller, (a) Seller has obtained or will procure the complete, unencumbered and unrestricted right to effect the transfer of the Assets from Seller to Imprimis and confirms that such transfer does not violate any such right to transfer; (b) no Third Parties have retained or otherwise have any rights or licenses with respect to the Assets; and (iv) to the Knowledge of Seller, no valid basis exists for any such Person to challenge or object to this Agreement or the transactions contemplated herein.

3.3.5 To Seller's Knowledge, Seller has not transferred ownership of, or granted any license of or right to use, or authorized the retention of any rights to use, to any Person any Assets.

3.3.6 To Seller's Knowledge, Seller is not required to make or accrue any royalty, milestone or other similar payment to any Third Party in connection with any of the Assets.

3.3.7 To Seller's Knowledge, none of the Assets transferred hereunder infringe upon or misappropriate the intellectual property of any Third Party.

3.4 Conflicts; Consents. The execution and delivery by Seller of this Agreement and the Patent Assignment, and the consummation of the transactions contemplated hereby, will not conflict with (i) any provision of the certificate of incorporation or bylaws of Seller, each as amended to date; (ii) Contracts to which Seller or any of its properties or assets (including intangible assets) is subject; or (iii) any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Seller or any of its properties or assets (tangible and intangible). It is not necessary for Seller to take any action or to obtain any approval, consent or release by or from any Third Party, governmental or other, to enable Seller to enter into or perform its obligations under this Agreement and the Patent Assignment.

3.5 Litigation and Proceedings. There is no claim, action, suit, proceeding or investigation (or any counter or cross-claim in an action brought by or on behalf of Seller), whether at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind, that is pending or, to Seller's Knowledge, threatened, against Seller, which (i) could reasonably be expected to adversely affect Seller's ability to perform its obligations under this Agreement or the Patent Assignment or complete any of the transactions contemplated hereby; or (ii) involves the possibility of any judgment or liability, or which may become a claim, against the Assets, Imprimis or its business. Seller is not subject to any judgment, order, writ, injunction, decree or award of any court, arbitrator or governmental department, commission, board, bureau, agency or instrumentality having jurisdiction over Seller or any of the Assets that affects, involves or relates to the Assets.

3.6 Compliance with Law/Permits. Seller is in compliance with all, and is not in violation of any, law, ordinance, order, decree, rule or regulation of any governmental agency or authority, the violation of or noncompliance with which could have a material adverse effect on Seller. No unresolved (i) charges of violations of laws or regulations relating to Seller's business have been made or threatened; (ii) proceedings or investigations relating to Seller's business are pending or have been threatened; and (iii) citations or notices of deficiency have been issued or have been threatened, against Seller relating to or arising out of its business by any governmental authorities.

3.7 Contracts. Schedule 3.7 lists the Contracts to which Seller is a party as of the date hereof which arise out of or relate to the Assets by which any of the Assets are currently bound (the "Material Contracts"). Seller is not in violation of or in default under (nor is there existing conditions which with the passage of time either giving of notice or both would cause such a violation or default under) any such Material Contract. Each such Material Contract is in full force and effect, and has a legal, valid and binding obligation Seller, and to Knowledge of Seller, each of the other parties thereto, and is enforceable in accordance with its terms. Seller has not received notice that it is in violation or breach of or in default under any such Material Contract. Except as set forth on Schedule 3.7, no such Material Contract has a provision that would require consent, notice or the payment of money or transfer of property as a result of the transactions contemplated herein.

3.8 Full Disclosure. The representations and warranties made by Seller in this Agreement and the schedules to be delivered pursuant to this Agreement do not contain any untrue statement of material fact or omit to state a material fact necessary to make any of them in the light of the circumstances in which they were made, not misleading.

3.9 No Broker. Seller has not retained or used the services of an agent, finder, or broker in connection with the transactions contemplated by this Agreement

4. Representations and Warranties of Imprimis. Imprimis represents and warrants to Seller as follows:

4.1 Authority and Binding Effect. Imprimis has the full corporate power and authority to execute and deliver this Agreement and the Patent Assignment. This Agreement and the Patent Assignment, and the consummation by Imprimis of its obligations contained herein and therein, have been duly authorized by all necessary corporate actions of Imprimis, and this Agreement and the Patent Assignment have been duly executed and delivered by Imprimis. This Agreement and the Patent Assignment are valid and binding agreements of Imprimis, enforceable against Imprimis in accordance with their respective terms.

4.2 Organization and Standing. Imprimis is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and Imprimis is qualified to do business in each jurisdiction where such qualification is necessary and where the failure to be so qualified would have a material adverse effect on Imprimis. Imprimis has the requisite corporate power and authority to conduct its business as now conducted.

4.3 Conflicts; Consents. The execution and delivery by Imprimis of this Agreement and the Patent Assignment, and the consummation of the transactions contemplated hereby, will not give rise to a Conflict with respect to (i) any provision of the certificate of incorporation or bylaws of Imprimis, each as amended to date; (ii) Contracts to which Imprimis or any of its properties or assets (including intangible assets) is subject; or (iii) any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Imprimis or any of its properties or assets (tangible and intangible), except in any such case where it would not have a material adverse effect on Seller's rights under the Assets. It is not necessary for Imprimis to take any action or to obtain any approval, consent, or release by or from any Third Party, governmental or other, to enable Imprimis to enter into or perform its obligations under this Agreement and the Patent Assignment.

4.4 Compliance with Law/Permits. Imprimis is in compliance with all, and is not in violation of any, law, ordinance, order, decree, rule or regulation of any governmental agency or authority, the violation of or noncompliance with which could have a material adverse effect on Imprimis. No unresolved (i) charges of violations of laws or regulations relating to Imprimis' business have been made or threatened; (ii) proceedings or investigations relating to Imprimis' business are pending or have been threatened; and (iii) citations or notices of deficiency have been issued or have been threatened, against Imprimis relating to or arising out of its business by any governmental authorities, which have had or could reasonably be expected to have, individually or in the aggregate, a material adverse effect on Imprimis.

4.5 No Broker. Imprimis has not retained or used the services of an agent, finder, or broker in connection with the transactions contemplated by this Agreement.

5. Net Sales Payments.

5.1 Net Sales Payment Amounts.

5.1.1 Net Sales Payment Consideration. Subject to the provisions in this Section 5.1 and Section 5.2, on a Product-by-Product and country-by-country basis, Imprimis shall pay to Seller, on a quarterly basis, [***] of Net Receipts of any Product during the applicable Payment Period (the "Net Sales Payment Consideration").

5.1.2 Third Party Royalties. If Imprimis, its Licensees or their respective Affiliates is required to pay royalties to any Third Party in order to make, have made, use, sell, offer to sale or import any Product, then Imprimis shall have the right to credit [***] of such Third Party royalty payments against the Net Sales Payment Consideration owing to Seller under Section 5.1.1 with respect to sales of such Product; provided, however, that Imprimis shall not reduce the amount of the royalties paid to Seller under Section 5.1.1 by reason of this Section 5.1.2, with respect to sales of such Product for any period, to less than [***] of Net Receipts of such Product for such period.

5.1.3 Combination/Bundled Products. In the event that a Product is sold by Imprimis, its Licensees or their respective Affiliates in combination with one or more products which is itself not a Product, then Net Sales shall be calculated by multiplying the sales price of such combination sale by the fraction A/(A+B) where A is the fair market value of the Product(s) and B is the fair market value of the other product(s) in the combination sale, each as reasonably determined by Imprimis.

5.2 Reports and Net Sales Payments. Within sixty (60) days after the end of each calendar quarter during the applicable Payment Period, Imprimis will deliver to Seller a report setting forth for such calendar quarter (a) the calculation of the applicable Net Sales Payment Consideration; (b) the payments due under this Agreement for the sale of each Product; and (c) the applicable exchange rate as determined below. Imprimis will remit the total payments due for the sale of Products during such calendar quarter at the time such report is made. No such reports or payments will be due for any Product before the First Commercial Sale of such Product. With respect to Net Receipts received in United States dollars, all amounts shall be expressed in United States dollars. With respect to Net Receipts received in a currency other than United States dollars, all amounts shall be expressed both in the currency in which the amount is invoiced (or received as applicable) and in the United States dollar equivalent. The United States dollar equivalent shall be calculated using the average of the exchange rate (local currency per US$1) published in The Wall Street Journal, Western Edition, under the heading “Currency Trading” on the last business day of each month during the applicable calendar quarter.

5.3 Payment Provisions.

5.3.1 Payment Terms. The Net Sales Payment Consideration shown to have accrued by each report provided for under Section 5.2 shall be due on the date such report is due. Payment of Net Sales Payment Consideration in whole or in part may be made in advance of such due date.

5.3.2 Exchange Control. If at any time legal restrictions prevent the prompt remittance of part or all Net Sales Payment Consideration with respect to any country in where a Product is sold, Imprimis shall have the right, in its sole discretion, to make such payments by depositing the amount thereof in local currency to Seller’s account in a bank or other depository institution in such country. If the payment rate specified in this Agreement should exceed the permissible rate established in any country, the payment rate for sales in such country shall be adjusted to the highest legally permissible or government-approved rate.

5.3.3 Withholding Taxes. Imprimis shall be entitled to deduct the amount of any withholding taxes, value-added taxes or other taxes, levies or charges with respect to such amounts, other than United States taxes, payable by Imprimis, its Licensees or their respective Affiliates, or any taxes required to be withheld by Imprimis, its Licensees or their respective Affiliates, to the extent Imprimis, its Licensees or their respective Affiliates pay to the appropriate governmental authority on behalf of Seller such taxes, levies or charges. Imprimis shall use reasonable efforts to minimize any such taxes, levies or charges required to be withheld on behalf of Seller by Imprimis, its Licensees or their respective Affiliates. Imprimis promptly shall deliver to Seller proof of payment of all such taxes, levies and other charges, together with copies of all communications from or with such governmental authority with respect thereto.

5.4 Audits. Upon the written request of Seller and not more than once in each calendar year, Imprimis shall permit an independent certified public accounting firm of nationally recognized standing selected by Seller and reasonably acceptable to Imprimis, at Seller's expense, to have access during normal business hours to such of the financial records of Imprimis as may be reasonably necessary to verify the accuracy of the Net Sales Payment Consideration reports hereunder for the eight (8) calendar quarters immediately prior to the date of such request (other than records for which Seller has already conducted an audit under this Section. If such accounting firm concludes that additional amounts were owed during the audited period, Imprimis shall pay such additional amounts within thirty (30) days after the date Seller delivers to Imprimis such accounting firm's written report so concluding. The fees charged by such accounting firm shall be paid by Seller; provided, however, if the audit discloses that the Net Sales Payment Consideration payable by Imprimis for such period are more than one hundred ten percent (110%) of the Net Sales Payment Consideration actually paid for such period, then Imprimis shall pay the reasonable fees and expenses charged by such accounting firm. Seller shall cause its accounting firm to retain all financial information subject to review under this Section 5.4 in strict confidence; provided, however, that Imprimis shall have the right to require that such accounting firm, prior to conducting such audit, enter into an appropriate non-disclosure agreement with Imprimis regarding such financial information. The accounting firm shall disclose to Seller only whether the reports are correct or not and the amount of any discrepancy. No other information shall be shared. Seller shall treat all such financial information as Imprimis' confidential information, and shall not disclose such financial information to any Third Party or use it for any purpose other than as specified in this Section 5.4.

5.5 Survival. This Section 5 shall survive the expiration or termination of this Agreement and shall only terminate upon the expiration of the Payment Period and all payment obligations.

6. Post-Effective Date Covenants.

6.1 Imprimis Diligence.

6.1.1 Imprimis shall use commercially reasonable efforts (whether alone or with or through its Licensees and its or their respective Affiliates) to research, develop and commercialize a Product.

6.1.2 Imprimis shall control, at its sole expense, the preparation, filing, prosecution, maintenance and enforcement of the Assigned Patent Rights consistent with prudent business practices, and shall consider in good faith the interests of Seller.

6.2 Seller Covenants.

6.2.1 Within thirty (30) days after the Effective Date, Seller shall transfer to Imprimis all Assets, including without limitation all items described on Exhibit B.

6.2.2 For a period of twenty-four (24) months following the Effective Date, Seller shall, and shall cause its Affiliates and its and their respective employees and contractors to, respond to inquiries from Imprimis and provide Imprimis with such technical assistance as reasonably requested regarding the Technology and other Assets, including without limitation regarding the research, development, manufacture, regulatory approval and commercialization of one or more Products, and the preparation, filing, prosecution, maintenance and enforcement of patent and other intellectual property rights relating thereto. Imprimis shall pay to Seller its documented reasonable out-of-pocket costs of providing such technical assistance.

6.2.3 During the term of the Agreement, Imprimis shall have the first right (at its sole option in its sole discretion) to acquire each new product and technology opportunity of Seller or its Affiliates pursuant to a transaction with substantially the same structure as this Agreement.

6.3 Further Assistance.

6.3.1 Seller shall provide all cooperation reasonably requested by Imprimis in connection with any effort by Imprimis to establish, perfect, defend, or enforce its rights in or to the Assets (including without limitation the Assigned Patent Rights). Such cooperation shall include, without limitation, (a) executing such further assignments, transfers, licenses, releases and consents, and (b) providing such data and information, consulting with Imprimis and executing and delivering all such further documents and instruments, in each case as requested by Imprimis regarding the Assets (including without limitation the Assigned Patent Rights).

6.3.2 To the extent Seller cannot transfer and assign any of the Assigned Patent Rights, or any portion thereof, as of the Effective Date, then Seller will assign and transfer the same at the first opportunity to do so. To the extent further transfer or assignment of any patents rights is required and Seller has not, within fifteen (15) days after the delivery of such assignment to Seller, (a) executed and returned to Imprimis the form of assignment reasonably requested by Imprimis, or (b) delivered to Imprimis a written objection to Imprimis' request, then Seller hereby irrevocably appoints Imprimis as its attorney-in-fact with the right, authority, and ability to execute and enter into such assignment on behalf of Seller. Seller stipulates and agrees that such appointment is a right coupled with an interest and will survive the incapacity or unavailability of Seller at any future time. To the extent that any of the Assigned Patent Rights cannot be assigned and transferred by Seller, then Seller hereby grants Imprimis an irrevocable, worldwide, fully-paid up, royalty-free, exclusive license, with the right to sublicense through multiple tiers, under the Assigned Patent Rights for all purposes.

6.3.3 The Seller shall provide all cooperation reasonably requested by Imprimis, and shall provide all technical assistance and to support reasonably requested by Imprimis, regarding (a) the exploitation of the Technology (including without limitation the research, development and production of any Product), and (b) applying for, obtaining and maintaining any and all approvals, licenses, registrations or authorizations necessary or desirable to test, market or commercialize the Technology (including without limitation any Product). Such cooperation shall include, without limitation, providing such data and information, consulting with Imprimis and executing and delivering all such further documents and instruments, in each case as requested by Imprimis regarding the Technology.

6.3.4 Imprimis shall own, and Seller hereby assigns to Imprimis, all right title and interest in and to all results and other work product resulting from the activities described in this Section 6.3, together with all patent rights and other intellectual property rights therein and thereto.

7. Indemnification.

7.1 Indemnification of Imprimis. Subject to the provisions of this Section 7, Seller shall indemnify, defend and hold harmless Imprimis, its officers, directors, affiliates, agents, stockholders and representatives (collectively, the "Imprimis Indemnitees"), from and against any and all damage, loss, liability and expense (including without limitation reasonable expenses of investigation and reasonable attorneys' and consultants' fees and expenses in connection with any action, suit or proceeding or settlement of any of the foregoing) (collectively, "Losses") incurred or suffered by a Imprimis Indemnitee arising out of:

7.1.1 any breach of the representations and warranties of Seller set forth in this Agreement;

7.1.2 any breach of any covenant or agreement of Seller set forth in this Agreement or in any certificate, instrument, or other document delivered pursuant to this Agreement; and

7.1.3 the ownership or operation of the Assets prior to the Effective Date or any liability or obligation whatsoever of Seller.

7.2 Indemnification of Seller. Subject to the provisions of this Section 7, Imprimis shall indemnify and hold harmless Seller, its officers, directors, affiliates, agents, stockholders and representatives (collectively, the "Seller Indemnitees"), from and against any and all Losses incurred or suffered by a Seller Indemnitee arising out of:

7.2.1 any breach of the representations and warranties of Imprimis set forth in this Agreement;

7.2.2 any breach of any covenant or agreement of Imprimis set forth in this Agreement or in any certificate, instrument, or other document delivered pursuant to this Agreement;

7.2.3 the ownership or operation of the Assets after the Effective Date or the manufacture, use, or sale of Product solely by Imprimis, its Licensees or their respective Affiliates or use of Product by their customers.

7.3 Offset. Imprimis may offset against the Net Sales Payment Consideration or any other amounts due Seller from Imprimis, any amounts owed to Imprimis for indemnification under Section 7.1. The exercise of such offset by Imprimis in good faith, whether or not ultimately determined to be justified, will not constitute an event of default hereunder. Neither the exercise nor the failure to exercise, any such right of offset will constitute an election of remedies or limit Imprimis in any manner in the enforcement of any other remedies that may be available to it.

7.4 Procedure. A party seeking indemnification (the "Indemnitee") will promptly notify the other party (the "Indemnifying Party") in writing of a claim or suit; provided that an Indemnitee's failure to give such notice or delay in giving such notice will not affect such Indemnitee's right to indemnification under this Section 7 except to the extent that the Indemnifying Party has been prejudiced by such failure or delay. Imprimis shall have the right to control the defense of all indemnification claims hereunder. Seller shall have the right to participate at its own expense in the claim or suit with counsel of its own choosing. Imprimis will consult with the Indemnitee in good faith with respect to all non-privileged aspects of the defense strategy. Seller will cooperate with the Imprimis as reasonably requested, at the Seller's sole cost and expense. Imprimis will not settle any claim or suit with respect to which Seller is the Indemnifying Party without Seller's prior written consent, which consent shall not be unreasonably withheld.

8. Confidentiality and Publication.

8.1 Confidential Information. During the term of this Agreement, and for a period of five (5) years following the expiration or earlier termination hereof, except as otherwise provided in this Section 8, Seller shall maintain in confidence all data and information comprising the Assets (the "Confidential Information"), and shall not use, disclose or grant the use of the Confidential Information except on a need-to-know basis to those directors, officers, employees and contractors, to the extent such disclosure is reasonably necessary in connection with performing its obligations or exercising its rights under this Agreement. To the extent that disclosure is authorized by this Agreement, prior to disclosure, Seller shall obtain agreement of any such Person to hold in confidence and not make use of the Confidential Information for any purpose other than those permitted by this Agreement. Seller shall notify the other promptly upon discovery of any unauthorized use or disclosure of the Confidential Information.

8.2 Terms of this Agreement. Except as otherwise provided in this Section 8, neither party shall disclose any terms or conditions of this Agreement to any Third Party without the prior consent of the other party. Notwithstanding the foregoing, prior to execution of this Agreement, the parties have agreed upon the substance of information that can be used to describe the terms of this transaction, and each party may disclose such information, as modified by mutual agreement from time to time, without the other party's consent.

8.3 Permitted Disclosures. The confidentiality obligations contained in this Section 8 shall not apply to the extent that (a) a party is required (i) in the reasonable opinion of such party's legal counsel, to disclose information by applicable law, regulation, rule (including rule of a stock exchange or automated quotation system), order of a governmental agency or a court of competent jurisdiction or legal process, including tax authorities, or (ii) to disclose information to any governmental agency for purposes of obtaining approval to test or market a product, provided in either case that, to the extent practicable, such party shall provide written notice thereof to the other party and sufficient opportunity to object to any such disclosure or to request confidential treatment thereof; or (b) a party can demonstrate that (i) the information was or became public knowledge, other than as a result of actions of such party in violation hereof; or (ii) the information was disclosed to the Recipient on an unrestricted basis from a source unrelated to any party to this Agreement and not under a duty of confidentiality to the other party. Notwithstanding anything to the contrary herein, Imprimis may disclose the terms and conditions of this Agreement to any Person with whom Imprimis has, or is proposing to enter into, a business relationship, as long as such Person has entered into a confidentiality agreement with Imprimis.

8.4 Publication. Imprimis shall determine the strategy for, and coordinate, the publication and presentation of any disclosures related to the Technology, and Seller shall not publish or otherwise disclose the Technology, or any data or information relating thereto, without the prior written consent of Imprimis. If Seller or any Person on its behalf desires to make any such publication or presentation, Seller shall provide Imprimis with a copy of any manuscript intended for publication or any presentation intended for public disclosure (including any oral disclosure made with or without obligation of confidentiality) by or on behalf of Seller that incorporates any information related to the Technology, or any data or information relating thereto, at least sixty (60) days before the submission of any manuscript for publication or the public presentation, for Imprimis' review and consideration. Imprimis shall have the right to approve or reject such publication at its sole discretion. If after review Imprimis determines that the publishing party may publish or present such publication, Imprimis shall return to the publishing party the manuscript or presentation with any proposed changes. The publishing party shall incorporate all of Imprimis' proposed changes to the manuscript or presentation prior to publication. Imprimis may further request that the publishing party postpone the publication or presentation in order to consider appropriate patent applications or other protection to be filed on information contained in the publication or presentation. If Imprimis requests such postponement, the publishing party shall postpone such publication or presentation as requested by Imprimis.

8.5 Injunctive Relief. Each party acknowledges that it will be impossible to measure in money the damage to the other party if such party fails to comply with the obligations imposed by this Section 8, and that, in the event of any such failure, the other party may not have an adequate remedy at law or in damages. Accordingly, each party agrees that injunctive relief or other equitable remedy, in addition to remedies at law or damages, is an appropriate remedy for any such failure and will not oppose the granting of such relief on the basis that the disclosing party has an adequate remedy at law. Each party agrees that it will not seek, and agrees to waive any requirement for, the securing or posting of a bond in connection with the other party seeking or obtaining such equitable relief.

9. Term and Termination.

9.1 Term. The term of this Agreement shall continue until expiration of all payment obligations hereunder.

9.2 Termination.

9.2.1 Imprimis shall have the right to terminate this Agreement at its option in its sole discretion upon written notice to Seller.

9.2.2 If Imprimis, its Licensee or their respective Affiliates fails either to file an Investigational New Drug Application in the United States for a Product, or to generate Net Receipts, before the fifth anniversary of the Effective Date, then (unless the parties otherwise mutually agree in writing) Seller shall have the right, at its option and as its sole remedy, to terminate the Agreement.

9.2.3 In the event of the termination of this Agreement in accordance with this Section 9.2, Imprimis shall re-assign to Seller the Technology and the other Assets.

10. Miscellaneous.

10.1 Public Announcements. Neither party shall make any public announcements concerning matters concerning this Agreement or the negotiation thereof without the prior written consent of the other party unless such disclosure is required by law, in which case the announcing party shall provide the other party with reasonable notice of such disclosure.

10.2 Assignment. Neither party shall assign its rights or obligations under this Agreement without the prior written consent of the other party; provided, however, that a party may, without such consent, assign this Agreement and its rights and obligations hereunder (a) to any Affiliate, or (b) in connection with the transfer or sale of all or substantially all of its business to which this Agreement relates, or in the event of its merger, consolidation, change in control or similar transaction. Any permitted assignee shall assume all obligations of its assignor under this Agreement. Any purported assignment in violation of this Section 10.2 shall be void.

10.3 Severability. Any provision of this Agreement which is illegal, invalid or unenforceable shall be ineffective to the extent of such illegality, invalidity or unenforceability, without affecting in any way the remaining provisions hereof.

10.4 Governing Law; Exclusive Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of law principles thereof. Each of the parties hereto irrevocably consents to the exclusive jurisdiction and venue of any federal court located in the Southern District of the State of California or state court in San Diego, California having jurisdiction, in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein, agrees that process may be served upon them in any manner authorized by laws of the State of California for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and such process.

10.5 Entire Agreement; Amendment. This Agreement, together with the Exhibit hereto, and each additional document, instrument or other agreement to be executed and delivered pursuant hereto constitute all of the agreements of the parties with respect to, and supersede all prior agreements and understandings relating to the subject matter of, this Agreement or the transactions contemplated by this Agreement. This Agreement may not be modified or amended except by a written instrument specifically referring to this Agreement signed by the parties hereto.

10.6 Waiver. No waiver by one party of the other party's obligations, or of any breach or default hereunder by any other party, shall be valid or effective, unless such waiver is set forth in writing and is signed by the party giving such waiver; and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature or any other breach or default by such other party.

10.7 Notices. Any consent, notice or report required or permitted to be given or made under this Agreement by a party to the other party shall be in writing, delivered by any lawful means to such other party at its address indicated below, or to such other address as the addressee shall have last furnished in writing to the addressor and (except as otherwise provided in this Agreement) shall be effective upon receipt by the addressee.

If to Seller: Novel Drug Solutions, LLC
540 Route 10 West
Randolph, NJ 07869
Attention: Scott Karolchyk

If to Imprimis: Imprimis Pharmaceuticals, Inc.
12626 High Bluff Drive, Suite 150
San Diego, California 92130
Attention: Chief Executive Officer

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of Imprimis and Seller has caused a duly authorized representative to execute this Asset Purchase Agreement on the date first written above.

NOVEL DRUG SOLUTIONS, LLC

By: */s/ Scott Karolchyk*
Name: Scott Karolchyk
Title: Owner, R.Ph.

IMPRIMIS PHARMACEUTICALS, INC.

By: */s/ Mark L. Baum*
Name: Mark L. Baum
Title: Chief Execution Officer

CONFIDENTIAL TREATMENT REQUESTED. OMITTED PORTIONS ARE MARKED WITH [***] AND HAVE BEEN FILED SEPARATELY WITH THE SEC.

EXHIBIT A

PATENT ASSIGNMENT

WHEREAS, I, **John Scott Karolchyk**, of 39 Woodlawn Terrace, Lake Hopatcong, New Jersey 07849, U.S.A., has invented a certain new and useful invention entitled:

EPINEPHRINE COMPOSITIONS FOR INTRAOCULAR ADMINISTRATION AND METHODS FOR FABRICATING THEREOF

U.S. Serial No.: 61/886,269, filed October 3, 2013

for which I am about to make or have made application for Letters Patent of the United States; and

WHEREAS, **Imprimis Pharmaceuticals, Inc**, a corporation duly organized under the laws of the United States of America, and having its principal place of business at 12626 High Bluff Drive, Suite 105, San Diego, California 92130, U.S.A., is desirous of acquiring all rights, title and interests in and to said invention, said application(s), and in and to any and all Letters Patent which may be granted for or upon said invention and application(s) in the United States of America and anywhere in the world.

NOW THEREFORE, to all whom it may concern, be it known that for good and valuable consideration, the receipt of which is hereby acknowledged, I, **John Scott Karolchyk**, have sold, assigned and transferred, and by these presents do sell, assign and transfer, unto said **Imprimis Pharmaceuticals, Inc.,** the full and exclusive right, title and interest, throughout the world, in, to and under the following:

(a) said invention as fully set forth and described in the specification prepared, and executed by us preparatory to obtaining Letters Patent of the United States therefor;

(b) said application(s);

(c) any and all refilings, divisions, continuations and continuations-in-part of said application(s);

(d) any and all Letters Patent of the United States of America which may issue from said application(s), refilings, divisions, continuations and continuations-in-part;

(e) any and all reissues and reexaminations of said Letters Patent of the United States of America;

(f) any and all application(s) for Letters Patent upon said invention which may hereafter be filed in any and all countries foreign to the United States of America;

(g) any and all refilings, divisions and continuations of said foreign-filed application(s);

(h) any and all Letters Patent of countries foreign to the United States of America which may issue from the said foreign-filed application(s), refilings, divisions and continuations; and

(i) any and all extensions of, and additions to, said Letters Patent of countries foreign to the United States of America.

I, **John Scott Karolchyk**, further agree that upon request I will provide promptly all pertinent facts and documents relating to said invention and said Letters Patent and legal equivalents as may be known and accessible and will testify as to the same in any interference, litigation or proceeding related thereto and will promptly execute and deliver to **Imprimis Pharmaceuticals, Inc.** or its legal representatives any and all papers, instruments or affidavits required to apply for, obtain, maintain, issue and enforce said application(s), said invention and said Letters Patent and said equivalents thereof which may be necessary or desirable to carry out the purposes thereof.

All of the above shall be held and enjoyed by said **Imprimis Pharmaceuticals, Inc.** for its own use and benefit, and for its successors, legal representatives and assigns, to the full end of the term for which said Letters Patent may be granted, and I hereby authorize and request the Commissioner of Patents and Trademarks to issue the said Letters Patent in accordance with this Assignment.

Date **John Scott Karolchyk**

State/Commonwealth
of: _____
County of: _____

On this _____ day of _____, 2013, before me, the undersigned notary public, personally appeared_____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document in my presence.

(SEAL) Notary Public: _____

My Commission Expires: _____/_____/_____

EXHIBIT B

Copies of the following with respect to any Product (in each case, excluding any individually identifiable health information):

- Product stability reports and records, including stability testing results
- Compounding and packaging protocols and formulation documentation
- Acceptance criteria for analytical methods and specifications of end-product
- Records related to in-process control documentation, process validation and cleaning validation
- Records related to completed batches of any Product, including batch sizes and records related to successful and rejected formulations
- Quality control policies
- Aggregated historical sales records
- Historical cost and pricing documentation
- Documentation related to any adverse events in connection with the use of any Product
- Documentation related to the source API and excipients, including Material Safety Data Sheets
- Training materials with respect to formulation, compounding and testing of any Product

EXHIBIT 10.28

AMENDMENT TO ASSET PURCHASE AGREEMENT

This Amendment to Asset Purchase Agreement, dated as of October 21, 2013 (the "**Amendment**"), is entered into by and between BUDERER DRUG COMPANY, INC., an Ohio corporation ("**Buderer**"), with a place of business at 633 Hancock Street, Sandusky, Ohio 44870), and IMPRIMIS PHARMACEUTICALS, INC., a Delaware corporation ("**Imprimis**" and together with Buderer, the "**Parties**", and each, a "**Party**").

WHEREAS, the Parties have entered into that certain Asset Purchase Agreement, dated as of June 11, 2013 (the "**Existing Agreement**"); and

WHEREAS, the Parties hereto desire to amend the Existing Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Existing Agreement.

2. Amendment to the Existing Agreement. As of the Effective Date (defined below), Section 8.2.2 of the Existing Agreement is hereby amended in its entirety to read as follows:

> "If Imprimis, its Licensee or their respective Affiliates fails to either initiate any study where data is derived with respect to a Product, or to generate Net Receipts, before the fifth anniversary of the Effective Date, then (unless the parties otherwise mutually agree in writing), Buderer shall have the right, at its option and as its sole remedy, to terminate the Agreement."

3. Date of Effectiveness; Limited Effect. This Amendment will become effective as of the date first written above (the "**Effective Date"**). Except as expressly provided in this Amendment, all of the terms and provisions of the Existing Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Existing Agreement or as a waiver of or consent to any further or future action on the part of any Party that would require the waiver or consent of another Party. On and after the Effective Date, each reference in the Existing Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein" or words of like import, and each reference to the Existing Agreement in any other agreements, documents or instruments executed and delivered pursuant to, or in connection with, the Existing Agreement, will mean and be a reference to the Existing Agreement as amended by this Amendment.

4. Miscellaneous.

(a) This Amendment is governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the conflict of laws provisions of such State.

(b) This Amendment shall inure to the benefit of and be binding upon each of the Parties and each of their respective permitted successors and permitted assigns.

(c) The headings in this Amendment are for reference only and do not affect the interpretation of this Amendment.

(d) This Amendment may be executed in counterparts, each of which is deemed an original, but all of which constitutes one and the same agreement. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

(e) This Amendment constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

[*Remainder of Page Intentionally Left Blank*]

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

BUDERER DRUG COMPANY, INC.

By: */s/ Matthew J. Buderer*
Name: Matthew J. Buderer
Title: Vice President

IMPRIMIS PHARMACEUTICALS, INC.

By: */s/ Mark L. Baum*
Name: Mark L. Baum
Title: CEO

EXHIBIT 10.29

AMENDMENT TO ASSET PURCHASE AGREEMENT

This Amendment to Asset Purchase Agreement, dated as of October 21, 2013 (the "**Amendment**"), is entered into by and between NOVEL DRUG SOLUTIONS LLC, a New Jersey limited liability company ("**NDS**") and IMPRIMIS PHARMACEUTICALS, INC., a Delaware corporation ("**Imprimis**" and together with NDS, the "**Parties**", and each, a "**Party**").

WHEREAS, the Parties have entered into that certain Asset Purchase Agreement, dated as of October 8, 2013 (the "**Existing Agreement**"); and

WHEREAS, the Parties hereto desire to amend the Existing Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Existing Agreement.

2. Amendment to the Existing Agreement.

(a) As of the Effective Date (defined below), Section 1.16 of the Existing Agreement is hereby amended and restated in its entirety to read as follows:

> "Product" will mean any product, in any form or formulation, comprising compositions comprising one or more of epinephrine, Shugarcaine, phenylephrine, or lidocaine, in each case for use in the prevention or treatment of any disease, state or condition in humans, which if made, used, offered for sale, sold or imported absent rights under the Assigned Patent Rights would infringe a valid claim of an issued patent within the Assigned Patent Rights.

(b) As of the Effective Date (defined below), Section 1.18 of the Existing Agreement is hereby amended and restated in its entirety to read as follows:

> "Technology" shall mean, collectively, (a) any product in any form or formulation comprising any one or more compositions comprising one or more of epinephrine, Shugarcaine, phenylephrine, or lidocaine; and (b) all methods of manufacture and use of the foregoing."

3. Patent Assignment. Pursuant to Section 2.3 of the Existing Agreement, on the Effective Date, NDS shall cause John Scott Karolchyk to execute and deliver to Imprimis the patent assignment in the form attached as Exhibit A (the "Patent Assignment") evidencing the sale, conveyance, transfer and assignment of certain of the Assigned Patent Rights from NDS to Imprimis in accordance with this Amendment and the Existing Agreement.

4. Date of Effectiveness; Limited Effect. This Amendment will become effective as of the date first written above (the "**Effective Date"**). Except as expressly provided in this Amendment, all of the terms and provisions of the Existing Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Existing Agreement or as a waiver of or consent to any further or future action on the part of any Party that would require the waiver or consent of another Party. On and after the Effective Date, each reference in the Existing Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein" or words of like import, and each reference to the Existing Agreement in any other agreements, documents or instruments executed and delivered pursuant to, or in connection with, the Existing Agreement, will mean and be a reference to the Existing Agreement as amended by this Amendment.

5. Miscellaneous.

(a) This Amendment is governed by, and construed in accordance with, the laws of the State of California, without regard to the conflict of laws provisions of such State.

(b) This Amendment shall inure to the benefit of and be binding upon each of the Parties and each of their respective permitted successors and permitted assigns.

(c) The headings in this Amendment are for reference only and do not affect the interpretation of this Amendment.

(d) This Amendment may be executed in counterparts, each of which is deemed an original, but all of which constitutes one and the same agreement. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

(e) This Amendment constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

[*Remainder of Page Intentionally Left Blank*]

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

NOVEL DRUG SOLUTIONS, LLC

By: */s/ Scott Karolchyk*
Name: Scott Karolchyk
Title: Owner, R.Ph.

IMPRIMIS PHARMACEUTICALS, INC.

By: */s/ Mark L. Baum*
Name: Mark L. Baum
Title: CEO

EXHIBIT A

PATENT ASSIGNMENT

WHEREAS, I, **John Scott Karolchyk**, of 39 Woodlawn Terrace, Lake Hopatcong, New Jersey 07849, U.S.A., has invented a certain new and useful invention entitled:

EPINEPHRINE-BASED COMPOSITIONS AND METHODS FOR FABRICATING THEREOF

U.S. Serial No.: 61/892,872, filed October 18, 2013

for which I am about to make or have made application for Letters Patent of the United States; and

WHEREAS, **Imprimis Pharmaceuticals, Inc**, a corporation duly organized under the laws of the United States of America, and having its principal place of business at 12626 High Bluff Drive, Suite 105, San Diego, California 92130, U.S.A., is desirous of acquiring all rights, title and interests in and to said invention, said application(s), and in and to any and all Letters Patent which may be granted for or upon said invention and application(s) in the United States of America and anywhere in the world.

NOW THEREFORE, to all whom it may concern, be it known that for good and valuable consideration, the receipt of which is hereby acknowledged, I, **John Scott Karolchyk**, have sold, assigned and transferred, and by these presents do sell, assign and transfer, unto said **Imprimis Pharmaceuticals, Inc.,** the full and exclusive right, title and interest, throughout the world, in, to and under the following:

(a) said invention as fully set forth and described in the specification prepared, and executed by us preparatory to obtaining Letters Patent of the United States therefor;

(b) said application(s);

(c) any and all refilings, divisions, continuations and continuations-in-part of said application(s);

(d) any and all Letters Patent of the United States of America which may issue from said application(s), refilings, divisions, continuations and continuations-in-part;

(e) any and all reissues and reexaminations of said Letters Patent of the United States of America;

(f) any and all application(s) for Letters Patent upon said invention which may hereafter be filed in any and all countries foreign to the United States of America;

(g) any and all refilings, divisions and continuations of said foreign-filed application(s);

(h) any and all Letters Patent of countries foreign to the United States of America which may issue from the said foreign-filed application(s), refilings, divisions and continuations; and

(i) any and all extensions of, and additions to, said Letters Patent of countries foreign to the United States of America.

I, **John Scott Karolchyk**, further agree that upon request I will provide promptly all pertinent facts and documents relating to said invention and said Letters Patent and legal equivalents as may be known and accessible and will testify as to the same in any interference, litigation or proceeding related thereto and will promptly execute and deliver to **Imprimis Pharmaceuticals, Inc.** or its legal representatives any and all papers, instruments or affidavits required to apply for, obtain, maintain, issue and enforce said application(s), said invention and said Letters Patent and said equivalents thereof which may be necessary or desirable to carry out the purposes thereof.

All of the above shall be held and enjoyed by said **Imprimis Pharmaceuticals, Inc.** for its own use and benefit, and for its successors, legal representatives and assigns, to the full end of the term for which said Letters Patent may be granted, and I hereby authorize and request the Commissioner of Patents and Trademarks to issue the said Letters Patent in accordance with this Assignment.

Date

John Scott Karolchyk

State/Commonwealth
of: _____
County of: _____

On this _____ day of _____, 2013, before me, the undersigned notary public, personally appeared_____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document in my presence.

(SEAL)

Notary Public: _____

My Commission Expires: _____/_____/_____

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-159159 and 333-183488 on Form S-8 of our report dated March 28, 2014, relating to the consolidated financial statements of Imprimis Pharmaceuticals, Inc. and subsidiary, appearing in this Annual Report on Form 10-K of Imprimis Pharmaceuticals, Inc. for the year ended December 31, 2013.

/s/ KMJ Corbin & Company LLP

Costa Mesa, California
March 28, 2014

EXHIBIT 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER UNDER SECTION 302 OF THE SARBANES-OXLEY ACT

I, Mark L. Baum, certify that:

(1) I have reviewed this annual report on Form 10-K of Imprimis Pharmaceuticals, 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 the report any change in this registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: March 28, 2014

/s/ Mark L. Baum

Mark L. Baum
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT

I, Andrew R. Boll, certify that:

(1) I have reviewed this annual report on Form 10-K of Imprimis Pharmaceuticals, 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 the report any change in this registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: March 28, 2014

/s/ Andrew R. Boll

Andrew R. Boll
Vice-President of Accounting and Public Reporting
Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION REQUIRED BY
SECTION 1350 OF TITLE 18 OF THE UNITED STATES CODE

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned hereby certifies in his capacity as the specified officer of Imprimis Pharmaceuticals, Inc. (the "Company"), that, to the best of his knowledge, the Annual Report of the Company on Form 10-K for the fiscal year ended December 31, 2013 fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the financial statements included in such report.

Date: March 28, 2014
/s/ MARK L. BAUM
Mark L. Baum
Chief Executive Officer
(Principal Executive Officer)

Date: March 28, 2014
/s/ ANDREW R. BOLL
Andrew R. Boll
Vice-President of Accounting and Public Reporting
(Principal Financial and Accounting Officer)

This certification accompanies this Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.