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- If we fail to acquire and develop other products or product candidates, at all or on commercially reasonable terms, we may be unable to diversify or grow our business.
- We have no experience manufacturing our pharmaceutical product candidates other than at one of our Israeli facilities, and at our Mexican, and Spanish facilities, and we have no experience in manufacturing our diagnostic product candidates. We will therefore likely rely on third parties to manufacture and supply our pharmaceutical and diagnostics product candidates, and we would need to meet various standards to satisfy FDA regulations in order to manufacture on our own.
- We currently have no pharmaceutical or diagnostic marketing, sales or distribution capabilities other than in Chile, Mexico, Spain, Brazil, and Uruguay for sales in those countries and our active pharmaceutical ingredients ("APIs") business in Israel, and the sales force for our laboratory business based in Nashville, Tennessee. If we are unable to develop our sales and marketing and distribution capability on our own or through collaborations with marketing partners, we will not be successful in commercializing our pharmaceutical and diagnostic product candidates.
- Certain elements of our business are dependent on the success of ongoing and planned phase 3 clinical trials for *Rayaldee*™ (CTAP101), *Alpharen*™ (Fermagate Tablets), and hGH-CTP.
- Independent clinical investigators and contract research organizations that we engage to conduct our clinical trials may not be diligent, careful or timely.
- The success of our business is dependent on the actions of our collaborative partners.
- Our license agreement with TESARO, Inc. ("TESARO") is important to our business. If TESARO does not successfully develop and commercialize rolapitant, our business could be adversely affected.
- If we are unable to obtain and enforce patent protection for our products, our business could be materially harmed.
- If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.
- We rely heavily on licenses from third parties.
- We license patent rights to certain of our technology from third-party owners. If such owners do not properly maintain or enforce the patents underlying such licenses, our competitive position and business prospects will be harmed.
- Our commercial success depends significantly on our ability to operate without infringing the patents and other proprietary rights of third parties.
- Adverse results in material litigation matters or governmental inquiries could have a material adverse effect upon our business and financial condition.
- If our products have undesirable effects on patients, we could be subject to litigation or product liability claims that could impair our reputation and have a material adverse effect upon our business and financial condition.
- Medicare prescription drug coverage legislation and future legislative or regulatory reform of the health care system may adversely affect our ability to sell our products or provide our services profitably.
- Failure to obtain and maintain regulatory approval outside the U.S. will prevent us from marketing our product candidates abroad.
- We may not have the funding available to pursue acquisitions.
- Acquisitions may disrupt our business, distract our management, may not proceed as planned, and may also increase the risk of potential third party claims and litigation.
- We may encounter difficulties in integrating acquired businesses.
- Non-U.S. governments often impose strict price controls, which may adversely affect our future profitability.
- Political and economic instability in Europe and Latin America and political, economic, and military instability in Israel or neighboring countries could adversely impact our operations.
- We are subject to fluctuations in currency exchange rates in connection with our international businesses.

- We have a large amount of goodwill and other

Total deferred revenue included in Accrued expenses and Other long-term liabilities was $8.3 million and $8.3 million at June 30, 2014 and December 31, 2013, respectively.

Allowance for doubtful accounts. We analyze accounts receivable and historical bad debt levels, customer credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts using the specific identification method. Our reported net loss is directly affected by our estimate of the collectability of accounts receivable. The amount of the allowance for doubtful accounts was $1.5 million and $1.9 million at June 30, 2014 and December 31, 2013, respectively.

Equity-based compensation. We measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized in the Condensed Consolidated Statement of Operations over the period during which an employee is required to provide service in exchange for the award. We record excess tax benefits to record

for our fiscal year beginning January 1, 2014 and subsequent interim periods. The adoption of ASU 2013-11 does not have a material effect on our Condensed Consolidated Financial Statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." ASU No. 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard for GAAP and International Financial Reporting Standards ("IFRS") that removes inconsistencies and weaknesses in revenue requirements, provides a more robust framework for addressing revenue issues, improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, provides more useful information to users of financial statements through improved disclosure requirements and simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. ASU No. 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Companies can choose to apply the ASU using either the full retrospective approach or a modified retrospective approach. We are currently evaluating both methods of adoption and the impact, if any, that the adoption of this ASU will have on our condensed consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force)." ASU No. 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU No. 2014-12 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. Earlier adoption is permitted. The amendments can be applied either prospectively to all awards granted or

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NOTE 4 COMPOSITION OF CERTAIN FINANCIAL STATEMENT CAPTIONS

(In thousands)	June	ents

NOTE 5 ACQUISITIONS, INVESTMENTS AND LT A T f

the

a combined $2.6 million for working capital purposes. We have determined that we hold variable interests in SciVac based on our assessment that SciVac does not have sufficient resources to carry out its principal activities without financial support. In order to determine the fair market value of our investment in SciVac, we have utilized a business enterprise valuation approach.

In order to determine the primary beneficiary of SciVac, we evaluated our investment to identify if we had the power to direct the activities that most significantly impact the economic performance of SciVac. We have determined that the power to direct the activities that most significantly impact the economic performance of SciVac is conveyed through SciVac's board of directors. SciVac's board of directors appoint and oversee SciVac's management team who carry out the activities that most significantly impact the economic performance of SciVac. As part of the share and debt purchase agreement, SciVac's board of directors is constituted by 5 members, of which 3 members will be appointed by us, representing 60% of SciVac's board. Based on this analysis, we determined that we have the power to direct the activities of SciVac and as such we are the primary beneficiary. As a result of this conclusion, we have consolidated the results of operations and financial position of SciVac and recorded a reduction of equity for the portion of SciVac we do not own.

The following table represents the consolidated assets and non-recourse liabilities related to SciVac as of June 30, 2014 and December 31, 2013. These assets are owned by, and these liabilities are obligations of, SciVac, not us.

(In thousands)	June 30, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 433	$ 2
Accounts receivable, net	516	283
Inventories, net	1,700	1,696
Prepaid expenses and other current assets	529	218
Total current assets	3,178	2,199
Property, plant and equipment, net	1,412	1,374
Intangible assets, net	1,055	1,111
Goodwill	1,757	1,821
Other assets	263	261
Total assets	$ 7,665	6,766

NOTE 6 DEBT Ď ° ‘ kĎ ° e

In January 2013, we entered into note purchaĎ °

2033 Senior Notes meet these criteria and, as such, must be valued separate and apart from the 2033 Senior Notes and recorded at fair value each reporting period.

For accounting and financial reporting purposes, we combine these embedded derivatives and value them together as one unit of accounting. At each reporting period, we record these embedded derivatives at fair value which is included as a component of the 2033 Senior Notes on our Condensed Consolidated Balance Sheets.

In June 2014, we entered into an exchange agreement with a holder of the Company's Notes pursuant to which such holder exchanged $70.4 million in aggregate principal amount of Notes for 10,974,431 shares of the Company's Common Stock and approximately $0.8 million in cash representing accrued interest through the date of completion of the exchange. We recorded a 2.7 million non-cash gain related to the exchange. The gain on exchange is included within Other income (expense) on our Condensed Consolidated Statement of Operations.

We used a binomial lattice model in order to estimate the fair value of the embedded derivative in the 2033 Senior Notes. A binomial lattice model generates two probable outcomes — one up and another down —arising at each point in time, starting from the date of valuation until the maturity date. A lattice model was initially used to determine if the 2033 Senior Notes would be converted, called or held at each decision point. Within the lattice model, the following assumptions are made: (i) the 2033 Senior Notes will be converted early if the conversion value is greater than the holding value; or (ii) the 2033 Senior Notes will be called if the holding value is greater than both (a) the redemption price (as defined in the Indenture) and (b) the conversion value plus the coupon make-whole payment at the time. If the 2033 Senior Notes are called, then the holder will maximize their value by finding the optimal decision between (1) redeeming at the redemption price and (2) converting the 2033 Senior Notes.

Using this lattice model, we valued the embedded derivatives using the "with-and-without method," where the value of the 2033 Senior Notes including the embedded derivatives is defined as the "with," and the value of the 2033 Senior Notes excluding the embedded derivatives is defined as the "without." This method estimates the value of the embedded derivatives by looking at the difference in the values between the 2033 Senior Notes with the embedded derivatives and the value of the 2033 Senior Notes without the embedded derivatives.

The lattice model requires the following inputs: (i) price of our Common Stock; (ii) Conversion Rate (as defined in the Indenture); (iii) Conversion Price (as defined in the Indenture); (iv) maturity date; (v) risk-free interest rate; (vi) estimated stock volatility; and (vii) estimated credit spread for the Company.

The following table sets forth the inputs to the lattice model used to value the embedded derivative:

the alleged breaches of fiduciary duty. The lawsuit seeks monetary damages, including increased consideration to PROLOR's stockholders, equitable relief, including, among other things, rescission of the Merger Agreement along with recissionary damages, and an award of all costs, including reasonable attorneys' fees. On May 5, 2014, the court issued an order dismissing all claims as to all defendants without prejudice, and the plaintiffs did not appeal the dismissal or file an amended complaint.

In July 2012, OPKO Lab received a letter from AdvanceMed Corporation ("AdvanceMed") regarding a post-payment review conducted by AdvanceMed (the "Post-Payment Review Letter"). The Post-Payment Review Letter originated with a post payment review audit by AdvanceMed of 183 claims submitted by OPKO Lab to the Medicare program. OPKO Lab believes that its billing practices were appropriate and it is following the appeal process set forth by Medicare. OPKO Lab received a partially favorable determination, which reduced the amount of the alleged overpayment, and it continues to appeal the remaining alleged overpayments. No assurances can be given about the outcome of the appeal.

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

We expect to incur substantial losses as we continue the development of our product candidates, continue our other research and development activitieĎuĀ

RECENT DEVELOPMENTS

In January 2014, we completed the acquisition of Laboratorio Arama de Uruguay Limitada ("Arama Uruguay"), a privately-owned company located in Montevideo, Uruguay. Arama Uruguay will expand our presence in Latin America and complement the business activities of our operations in Chile and Mexico, as well as permit commercialization of OPKO's products currently commercialized and those in development.

In March 2014, we began selling the 4Kscore™ test through our CLIA-accredited laboratory in Nashville, TN. The laboratory developed test is designed to enhance the prostate biopsy decision making process that, in the United States, leads to approximately 1 million biopsies being performed annually, with 80% of the results indicating no cancer or a low-grade cancer. We believe the 4Kscore test will help to reduce unnecessary prostate biopsies by providing information on the risk (probability) of having high-grade prostate cancer. The test was developed by OPKO Lab and tested in collaboration with 26 urology centers across the United States from October 2013 to March 2014. Results showed that the 4Kscore test was highly accurate for predicting the presence of high-grade cancer (Gleason score 7 or higher) prior to prostate biopsy. The full data from the blinded, prospective U.S. clinical validation study was presented at the AUA Annual Meeting in Orlando, FL on May 18th at Plenary Session.

In May 2014, we acquired Inspiro Medical Ltd. ("Inspiro"), an Israeli medical device company developing a new platform to deliver small molecule drugs such as corticosteroids and beta agonists or larger molecules to treat respiratory diseases. Inspiro's Inspiromatic™ is a "smart" easy-to-use dry powder inhaler with several advantages over existing devices. We anticipate that this innovative device will play a valuable role in the improvement of therapy for asthma, chronic obstructive pulmonary disease, cystic fibrosis and other respiratory diseases.

In June 2014, we entered into an exchange agreement with a holder of the Company's Notes pursuant to which such holder exchanged $70.4 million in aggregate principal amount of Notes for 10,974,431 shares of the Company's Common Stock and approximately $0.8 million in cash representing accrued interest through the date of completion of the exchange.

RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED JUNE 30, 2014 AND 2013

Revenues. Revenues for the three months ended June 30, 2014, were $23.5 million, compared to $23.8 million for the three months ended June 30, 2013. During the three months ended June 30, 2014, pharmaceutical product revenue increased approximately 15% over the comparable period of 2013 principally by increased pharmaceutical product revenue from our active pharmaceutical ingredient subsidiary FineTech, Farmadiet ("OPKO Spain") and OPKO Mexico of $2.2 million, $0.5 million and $0.6 million, respectively. The increase in FineTech revenue was principally the result of increased demand from one customer for a single product. The increases in pharmaceutical product revenue at OPKO Spain and OPKO Mexico were principally the result of increased revenue across Europe and increased government tenders, respectively. Offsetting the 14.9% increase in pharmaceutical product revenue was decreased service revenue and revenue from the transfer of intellectual property of $1.0 million and 2.0 million, respectively. The three months ended June 30, 2013 included $1.0 million related to our Pharmsynthez transaction which we did not have during the three months ended June 30, 2014. In addition, revenue from services decreased at OPKO Lab principally as a result of decreased specimen volume and decreased pricing in comparison to the three months ended June 30, 2013, partially offset by sales of our 4Kscore test.

Costs of revenue. Costs of revenue for the three months ended June 30, 2014, were $16.6 million, compared to $13.0

ended June 30, 2014 and 2013, respectively. The decrease in loss from investments in investees is primarily due to decreased losses at RXi and Pharmsynthez.

Income taxes. Our income tax provision reflects the projected income tax payable in Isr ѧd ή

and

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Goodwill and Intangible Assets. Goodwill and other intangible assets, including IPR&D”, acquired in business combinations, licensing and other transactions was $1.1 billion at both June 30, 2014 and December 31, 2013, representing approximately 82% and 79% of total assets, respectively.

Assets acquired and liabilities assumed in business combinations, licensing and other transactions are recognized at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recognized as goodwill. We determined the fair value of intangible assets, including IPR&D, using the “income method.” This method starts with a forecast of net cash flows, risk adjusted for estimated probabilities of technical and regulatory success (for IPR&D) and adjusted to present value using an appropriate discount rate that reflects the risk associated with the cash flow streams. All assets are valued from a market participant view which might be different than our specific views. The valuation process is very complex and requires significant input and judgment using internal and external sources. Although the valuations are required to be finalized within a one-year period, it must consider all and only those facts and evidence which existed at the acquisition date. The most complex and judgmental matters applicable to the valuation process are summarized below:

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Allowance for doubtful accounts and revenue recognition. Generally, we recognize revenue from product sales when goods are shipped and title and risk of loss transfer to our customers. Our estimates for sales returns are based upon the historical patterns of products returned matched against the sales from which they originated, and management's evaluation of specific factors that may increase or decrease the risk of product returns. Revenue for services is recognized on the accrual basis at the time test results are reported, which approximates when services are provided. Services are provided to certain patients covered by various third-party payer programs including various managed care organizations, as well as the Medicare and Medicaid programs. Billings for services under third-party payer programs are included in sales net of allowances for contractual discounts and allowances for differences between the amounts billed and estimated program payment amounts. Adjustments to the estimated payment amounts based on final settlement with the programs are recorded upon settlement as an adjustment to revenue.We analyze accounts receivable and historical bad debt levels, customer credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts using the specific identification method. Our reported net loss is directly affected by management's estimate of the collectability of accounts receivable. The allowance for doubtful accounts recognized in our Condensed Consolidated Balance Sheets at June 30, 2014 and December 31, 2013 was $1.5 million and $1.9 million, respectively.

Inventories. Inventories are valued at the lower of cost or market (net realizable value). Cost is determined by the first-in, first-out method. We consider such factors as the amount of inventory on hand, estimated time required to sell such inventories, remaining shelf-life, and current market conditions to determine whether inventories are stated at the lower of cost or market.

Recent accounting pronouncements. In July 2013, the FASB issued an Accounting Standards Update ("ASU"), 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 is intended to eliminate inconsistent practices regarding the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is available to reduce the taxable income or tax payable that would result from the disallowance of a tax position. ASU 2013-11 is effective for our fiscal year beginning January 1, 2014 and subsequent interim periods. The adoption of ASU 2013-11 does not have a material effect on our Condensed Consolidated Financial Statements.

In May 2014, 1rtper isS014,

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Item 6. Exhibits

Exhibit 3.1[1]	Amended and Restated Certificate of Incorporation.
Exhibit 3.2[2]	Amended and Restated By-Laws.
Exhibit 3.3[3]	Certificate of Designation of Series D Preferred Stock.
Exhibit 4.3[4]	Indenture, dated as of January 30, 2013, between OPKO Health, Inc. and Wells Fargo Bank, National Association.
Exhibit 31.1	Certification by Phillip Frost, Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

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

Date: August 11, 2014

OPKO Health, Inc.

/s/ Dmge Act of nge nge nge I c R I

Exhibit 31.2

CERTIFICATIONS

I, Adam Logal, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 11, 2014

/s/ Adam Logal

Adam Logal
Senior Vice President, Chief Financial Officer,
Chief Accounting Officer and Treasurer

Exhibit 32.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

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

The Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2014

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

Exhibit 32.2

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

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

The Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 (the "Form 10-Q") of the Company fully complies with the requireIterly Reerft wö Ď Zn kt