
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2010.

OR

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

For the transition period from _____ to _____.

Commission file number 001-33528

OPKO Health, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

75-2402409

(I.R.S. Employer Identification No.)

4400 Biscayne Blvd.
Miami, FL 33137

(Address of Principal Executive Offices) (Zip Code)

(305) 575-4100

(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. YES NO

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- In the event that we successfully evolve from a company primarily involved in development to a company also involved in commercialization, we may encounter difficulties in managing our growth and expanding our operations successfully.
 - If we fail to acquire and develop other products or product candidates, at all or on commercially reasonable terms, we may be unable to diversify or grow our business.
 - We have no experience manufacturing our pharmaceutical product candidates other than at our Mexican facility (μ
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OPKO Health, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except share data)

	For the three months ended March 31,	
	2010	2009
Revenue	\$ 7,922	\$ 2,301
Cost of goods sold, excluding amortization of intangible assets	5,528	1,561
Gross margin, excluding amortization of intangible assets	2,394	740
Operating expenses		
Selling, general and administrative	4,243	3,257
Research and development	1,328	5,659
Other operating expenses, principally amortization of intangible assets	889	406
Total operating expenses	6,460	9,322
Operating loss	(4,066)	(8,582)
Other expense, net	(340)	(450)
Loss before income taxes and investment losses	(4,406)	(9,032)
Income tax provision (benefit)	47	(35)
Loss before investment losses	(4,453)	(8,997)
Loss from investments in investees	(231)	—
Net loss	(4,684)	(8,997)
Preferred stock dividend	(662)	(58)
Net loss attributable to common shareholders	\$ (5,346)	\$ (9,055)
Loss per share, basic and diluted	\$ (0.02)	\$ (0.05)
Weighted average number of common shares outstanding, basic and diluted	254,452,451	199,598,277

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

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

NOTE 1 BUSINESS AND ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) considered necessary to present fairly the Company's results of operations, financial position and cash flows have been made. The results of operations and cash flows for the three months ended March 31, 2010, are not necessarily indicative of the results of operations and cash flows that may be reported for the remainder of 2010 or for future periods. The interim condensed consolidated financial statements should be read in conjunction with the Consolidated Financial Statements and the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2009.

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

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

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NOTE 5 ACQUISITION AND INVESTMENTS

On February 17, 2010, acquired Pharmacos Exakta, S.A. de C.V., a privately-owned Mexican company (“Exakta”), engaged in the manufacture, marketing and distribution of ophthalmic and other pharmaceutical products for government and private markets since 1957. Pursuant to a purchase agreement (the “Exakta Purchase Agreement”) we acquired all of the outstanding stock of Exakta and real property owned by an affiliate of Exakta for a total aggregate purchase price of \$3.6 million, of which an aggregate of \$1.6 million was paid in cash and \$2.0 million was paid in shares of our Common Stock, par value \$.01. The number of shares to be issued was determined by the average closing price of the Company’s Common Stock as reported on the NYSE Amex for the ten trading days ending on February 12, 2010. A total of 1,600,000 shares of our Common Stock were issued.

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The outstanding... have been... maturity... are as follows:

(in thousands)	Days until mat	Carrying value	Fair value	Unrealized gain (loss)
	0 to 30	723		—
	31 to 60		67	5
	61 to 90	575	2	(3)
	91 to 120	98		11
	121 to 180		2,569	(38)
	More than 180	3,072	3,015	(57)
	Total	\$ 8,363	\$ 8,281	\$ (82)

NOTE 8 RELATED PARTY TRANSACTION AU

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The rent for the first year was reduced to reflect a \$30 thousand credit for the costs of tenant improvements. From January 1, 2008 through October 1, 2008, we leased an additional 1,100 square feet of general office and laboratory space on a ground floor annex of our corporate office building pursuant to an addendum to the Lease, which required us to pay annual rent of \$19 thousand per year for the annex space.

On September 19, 2007, we entered into an exclusive technology license agreement with Winston Laboratories, Inc. ("Winston"). Under the terms of the license agreement, Winston granted us an exclusive license to the proprietary rights of certain products in exchange for the payment of an initial licensing fee, royalties, and payments on the occurrence of certain milestones. Drs. Frost, Uppaluri and Hsiao and Mr. Rubin beneficially own approximately 30% of Winston Pharmaceuticals, Inc. and Dr. Uppaluri has served as a member of Winston's Board of Directors since September 2008. In connection with the license agreement, we reimbursed Winston \$0, and \$11 thousand for the three months ended March 31, 2010, and 2009, respectively, for services provided by Winston personnel to assist us with the clinical program for the product we licensed. We provided Winston notice of termination of the license agreement on February 23, 2010, and the agreement will be terminated on May 24, 2010.

As part of the mergers, we assumed a line of credit with the Frost Group from Acuity Pharmaceuticals, Inc., and amended and restated that line of credit to increase borrowing availability.

We reimburse Dr. Frost for Company-related use by Dr. Frost and our other executives of an airplane owned by a company that is beneficially owned by Dr. Frost. We reimburse Dr. Frost in an amount equal to the cost of a first class airline ticket between the travel cities for each executive, including Dr. Frost, traveling on the airplane for Company-related business. We do not reimburse Dr. Frost for personal use of the airplane by Dr. Frost or any other executive; nor do we pay for any other rates we assume in 2008 on our part of an airplane by Us e



NOTE 11 SUBSEQUENT EVENTS

We have reviewed all subsequent events and transactions that occurred after the date of our March 31, 2010 consolidated balance sheet date through the time of filing this Quarterly Report on Form 10-Q on May 10, 2010.

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months ended March 31, 2010, includes equity-based compensation expense of \$0.2 million, compared to the 2009 period which includes a reversal of expense of \$0.1 million of equity-based compensation expense related to the termination of several employees.

Other operating expenses. Other operating expenses for the three months ended March 31, 2010, as compared to the three months ended March 31, 2009, increased primarily as a result of the amortization of the intangible assets recorded as part of the acquisition of Pharma Genexx and also include amortization of intangible assets recorded as part of the acquisitions of OTI and Pharmacos Exakta.

Other income and expenses. Other expense was \$0.3 million for the first three months of 2010 compared to \$0.5 million for the comparable 2009 period. Other income primarily consists of interest earned on our cash and cash equivalents and interest expense reflects the interest incurred on our lines of credit.

Income taxes. Our income tax provision reflects the income tax payable in Chile, partially offset by our refundable Canadian provincial tax credit. This credit relates to research and development expenses incurred at our OTI locations.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2010, we had cash, cash equivalents and marketable securities of approximately \$38.7 million. Cash used in operations during 2010 primarily reflects expenses related to selling, general and administrative activities related to our corporate and instrumentation operations, as well as our Chilean operations. Since our inception, we have not generated sufficient gross margins to offset our operating and other expenses and our primary source of cash has been from the private placement of stock and through credit facilities available to us.

In connection with our acquisition of Pharma Genexx, we have entered into lines of credit agreements in the aggregate amount of \$15.5 million with eight financial institutions in Chile and one in Mexico, of which, \$10.8 million is unused. These lines of credit are used primarily as a source of working capital for inventory purchases.

We have a fully drawn \$12.0 million line of credit with The Frost Group, LLC, or the Frost Group, a related party. The Frost Group members include a trust controlled by Dr. Frost, who is the Company's Chief Executive Officer and Chairman of the board of directors, Dr. Jane H. Hsiao, who is the Vice Chairman of the board of directors and Chief Technical Officer, Steven D. Rubin who is Executive Vice President — Administration and a director of the Company and Rao Uppaluri who is the Chief Financial Officer of the Company. We are obligated to pay interest upon maturity, capitalized quarterly, on outstanding borrowings under the line of credit at an 11% annual rate, which is due January 11, 2011. The line of credit is collateralized by all of our personal property except our intellectual property.

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

We believe the cash, cash equivalents and marketable securities on hand and available to us at March 31, 2010 will be sufficient to meet our anticipated cash requirements for operations and debt service for the next 12 months. We based this estimate on assumptions that may prove to be wrong or are subject to change, and we may be required to use our available cash resources sooner than we currently expect. If we acquire additional products or companies, accelerate our product development programs or initiate additional clinical trials, we will need additional funds. Our future cash requirements will depend on a number of factors, including possible acquisitions, the continued progress of our research and development of product candidates, the timing and outcome of clinical trials and regulatory approvals, the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, and other intellectual property rights, the status of competitive products, the availability of financing and our success in developing markets for our product candidates. If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of, or eliminate one or more of our clinical trials or research and development programs.

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

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

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

Allowance for doubtful accounts and revenue recognition. Generally, we recognize revenue from product sales when goods are shipped and title and risk of loss transfer to our customers. Certain of our products are sold directly to end-users and require that we deliver, install and train the staff at the end-users’ facility. As a result, we do not recognize revenue until the product is delivered, installed and training has occurred. Return policies in certain international markets for our medical device products provide for stringent guidelines in accordance with the terms of contractual agreements with customers. Our estimates for sales returns are based upon the historical patterns of products returned matched against the sales from which they originated, and management’s evaluation of specific factors that may increase the risk of product returns. We analyze accounts receivable and historical bad debt levels, customer credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts using the specific identification method. Our reported net loss is directly affected by management’s estimate of the collectability of accounts receivable. The allowance for doubtful accounts recognized in our consolidated balance sheets at March 31, 2010 and December 31, 2009 was \$0.4 million and \$0.4 million, respectively.

Recent accounting pronouncements: In March 2010, the Financial Accounting Standards Board, or FASB, issued updated guidance to amend and clarify how entities should evaluate credit derivatives embedded in beneficial interests in securitized financial assets. The updated guidance eliminates the scope exception for bifurcation of embedded credit derivatives in interests in securitized financial assets, unless they are created solely by subordination of one financial instrument to another. The update allows entities to elect the fair value option for any beneficial interest in securitized financial assets upon adoption. This guidance is effective by the first day of the first fiscal quarter beginning after June 15, 2010. Early adoption is permitted. We have not adopted this guidance early and are currently evaluating the potential effect of the adoption of this amendment on our results of operation and financial condition.

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

On February 17, 2010, the Company entered into

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Exhibit 32.2 Certification by Rao Uppaluri, Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2009.

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- + Certain confidential material contained in the document has been omitted and filed separately with the Securities and Exchange Commission.
- (1) Filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 2, 2007, and incorporated herein by reference.
 - (2) Filed with the Company's Current Report on Form 8-A filed with the Securities and Exchange Commission on June 11, 2007, and incorporated herein by reference.
 - (3) Filed with the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2008 and incorporated herein by reference.
 - (4) Filed with the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 8, 2008 for the Company's three-month period ended June 30, 2008, and incorporated herein by reference.
 - (6) Filed with the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 12, 2008 for the Company's three-month period ended September 30, 2008, and incorporated herein by reference.

SIGNATURES

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

Date: May 10, 2010

OPKO Health, Inc.

/s/ Adam Logal

Adam Logal

Executive Director of Finance, Chief Accounting
Officer and Treasurer

PURCHASE AGREEMENT

This Purchase Agreement (the "Agreement") is entered into as of February 17, 2010, among **Ignacio Levy García and**

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

“Average Closing Sales Price” means \$1.75, the average closing sales price of a share of OPKO Health Common Stock, as published in The Wall Street Journal, for the ten (10) trading day period ending at the close of trading on February 12, 2010.

“Closing Date” means February 17, 2009 or such other closing date as may be mutually agreed to among the parties in writing.

“Closing Financial Statements” means the unaudited closing statement of operations and statement of cash flows from January 1, 2010 through February 5, 2010 and the balance sheet as of February 5, 2010 of the Company provided by the Sellers to the Buyer in accordance with Section 4.9.

“Company Capital Stock” means the capital stock of the Company as described in Section 4.7.

“Company Products” means all those products identified in Exhibit C.

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

“Environmental Laws” means any applicable statute, law, ordinance, regulation, rule, code or order and any enforceable judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of the environment, including air, water, land, or natural resources, or any other law, ordinance, regulation, rule, code or order relating to the environment, including air, water, land, or natural resources, or any other law, ordinance, regulation, rule, code or order relating to the environment, including air, water, land, or natural resources.

“Know-How” means all trade secrets and confidential

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

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

“Product Data” means all toxicology, pre-clinical, clinical, and manufacturing information and data, and all submissions and correspondence with or to any governmental or regulatory authority regarding any Product, all as any of the above may be in the Company or any Seller’s possession or control.

“Product Inventory” all inventory owned as of the Closing Date by the Company (including sample inventory) thereof of finished Product or works in progress or materials used in the manufacture of finished Product, whether held at a location or facility of the Company (or of any other Person on behalf of the Company) or in transit to or from the Company.

“Regulatory Approvals” means the new drug applications and new drug submissions for the Products and all amendments and supplements thereto, whether through an abbreviated procedure or through a new molecule procedure, or otherwise.

“Securities Act” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Subsidiary” of any Person means any Person, whether or not capitalized, in which such Person owns, directly or indirectly, an equity interest of 50% or more, or any Person which may be controlled, directly or indirectly, by such Person, whether through the ownership of voting securities, by contract, or otherwise.

“Tax(es)” means any federal, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, all gross receipts, *ad valorem*, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, assets, minimum income, environmental, customs duties, fees, real property, personal property, capital stock, social security obligations or contributions, unemployment, disability, payroll, license, employee or other withholding, or other tax or governmental charge, of any kind whatsoever, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing, or credit or reimbursement in respect of the foregoing; the foregoing shall include any transferee or secondary liability for a Tax and any liability assumed by agreement or arising as a result of being (or ceasing to be) a member of any affiliated group (or being included, or required to be included, in any tax return relating thereto).

“Transaction Documents” means this Agreement and all other documents to be executed and delivered by either party pursuant to or in connection with this Agreement and consummation of the transactions contemplated hereby, including without limitation, the Lease, the Land Purchase Agreement, and the Escrow Agreement.

“US\$” means currency of the United States of America.

“US GAAP” means accounting principles generally accepted in the United States of America.

ARTICLE 2

PURCHASE OF SECURITIES AND OF REAL ESTATE; CONSIDERATION

2.1 Securities and Real Estate to be Purchased; Closing.

(a) Subject to the terms and conditions set forth herein, on the Closing Date, (i) each of the Sellers shall sell to Buyer

(i) Nine Hundred and Fifty Thousand United States Dollars (US\$950,000,000) payable to Inmobiliaria in immediately available funds to an account designated by Inmobiliaria;

(ii) Three Hundred Thousand United States Dollars (US\$300,000) payable to Sellers in immediately available funds to an account designated by Sellers;

(iii) Fifty Thousand United States Dollars (US \$50,000) payable to Sellers and delivered to the Escrow Agent to secure Seller's obligations under Section 5.5 (Escrow Agent); such amount together with the amount payable pursuant to the other items mentioned in this article shall be held in an escrow account.

Capital Calculation.



ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

In order to induce Buyer, OPKO and OMF to enter into this Agreement and to consummate the transactions contemplated hereby, the Sellers jointly and severally make the representations and warranties set forth below to Buyer and OPKO as of the date hereof, except as otherwise noted herein or as set forth in the Disclosure Schedules prepared by Sellers and the Company and delivered and attached hereto (the "Disclosure Schedules"). For purposes of these representations and warranties, Sellers represent that they are the only shareholders and administrators of Inmobiliaria and therefore they represent and warrant to Buyer with respect to Inmobiliaria as mentioned below:

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

4.2 Authorization; Enforceability. Each of the Company, Inmobiliaria and each of the Sellers has all requisite right, power and authority to execute and deliver the Transaction Documents and consummate the transactions contemplated thereby. The execution and delivery of the Transaction Documents by the Company, Inmobiliaria and each of the Sellers and the consummation by the Company, Inmobiliaria and each of the Sellers of the transactions contemplated thereby have been duly authorized by all requisite corporate action. This Agreement has been duly executed and delivered by the Company and each of the Sellers and constitutes the legal, valid and binding obligations of such party, enforceable in accordance with its terms.

4.3 No Consent, Violation or Conflict. With respect to the Company, Inmobiliaria and each of the Sellers, the execution and delivery of the Transaction Documents and the consummation of the transactions contemplated thereby, and compliance by the Company, Inmobiliaria and each of the Sellers with the provisions hereof, (a) do not and will not violate or, if applicable, conflict with any provision of Law, or any provision of the Company's, Inmobiliaria's or such Seller's Organizational Documents, and (b) except as describe in Schedule 4.3 (b) do not and will not, with or without the passage of time or the giving of notice, result in the breach of, cause the acceleration of performance or constitute a default or require any consent under, or result in the creation of any Lien upon any property or assets of the Company or Inmobiliaria pursuant to any instrument or agreement to which any of the Company or Inmobiliaria is a party or by which the Company's or Inmobiliaria's properties may be bound or affected.

4.4 Consent of Governmental Authorities. Each of the Company, Inmobiliaria and each of the Sellers have obtained all necessary authorizations and no further consent, approval or authorization of, or registration, qualification or filing, with any governmental or regulatory authority, or any other Person, is required to be made or obtained by the Company, Inmobiliaria or any of the Sellers in connection with the execution and delivery of the Transaction Documents by the Company, Inmobiliaria and each of the Sellers or the consummation by the Company, Inmobiliaria and each of the Sellers of the transactions contemplated thereby.

4.5 Brokers. The Company, Immobiliaria and Sellers have not incurred and will not incur any broker's, finder's, investment banking or similar fees, commissions or expenses in connection with the transactions contemplated by this Agreement, which would be payable by Buyer or the Company after the Closing Date.

4.6 Organizational Documents and Corporate Records. A true and complete copy of the Organizational Documents of the Company, as amended, will be delivered to Buyer on the Closing Date. The minute book of the Company (the "Corporate Minute Book"), the shares registry book of the Company (the "Share Registry Book") and the capital variation book of the Company (the "Capital Variation Book") (the Corporate Minute book, the Share Registry Book and the Capital Variation Book all together (the "Corporate Books") with all registrations signed by the sole administrator of the Company will also be delivered to the Buyer on the Closing Date. Such Corporate Books contain complete and accurate records of all meetings and other corporate actions of the board of directors and/or the shareholders of the Company from 1993 to the date hereof and all transfers of shares issued by the Company and variation in the capital stock of the Company. Specifically Sellers and the Company represent that all Corporate Books that existed from the date of Incorporation of the Company to January 1, 1993, got lost and therefore specifically represent and warrant that all information contained in the Corporate Books is the due continuation of all corporate records and transfers of shares that existed prior to January 1, 1993. All

4.9 Financial Statements. Schedule 4.9 includes (i) a true and complete copy of the audited balance sheet of the Company for the fiscal year ended on December 31, 2008, and the audited consolidated profit and loss statement and statement of cash flows for the fiscal year ended on December 31, 2008, including any related notes and the schedules thereto, certified by the Company's independent registered public accounting firm pursuant to its audit of the financial records of the Company, and (ii) the unaudited consolidated profit and loss statement and statement of cash flows of the Company for the six months ending on June 30, 2009 and 2008, respectively, including any notes and schedules thereto (collectively, the "Financial Statements"). The Financial Statements: (a) have been prepared in accordance with the books of account and records of the Company; (b) fairly present, and are true, correct and complete statements in all material respects of the consolidated financial condition of the Company and the results of its operations at the dates and for the periods specified in those statements; and (c) have been prepared in accordance with Mexican GAAP consistently applied with prior periods and delivered in accordance with U.S. GAAP. At the Closing Date, the Company shall deliver to Buyer Closing Financial Statements of the Company. The Closing Financial Statements will (a) be prepared in accordance with the books of account and records of the Company (b) fairly present, a true, correct and complete statement in all material respects of the consolidated financial condition of the Company as of February 5, 2010, and (c) be prepared in accordance with Mexican GAAP consistently applied with prior periods and delivered on an estimated basis in accordance with U.S. GAAP. The Closing Financial Statements delivered to Buyer shall also include a good faith estimate by Sellers of the Company's Net Working Capital under US GAAP on the Closing Date ("Estimated Net Working Capital").

4.10 Absence of Undisclosed Liabilities. As of the Closing Date, the Company has no debts, claims, Liabilities, commitments or obligations of any nature whatsoever, whether accrued, absolute, contingent or otherwise, other than as provided for and disclosed in this Agreement and disclosed, accrued for or reserved against in the Financial Statements or in the Closing Financial Statements. There is no basis for assertion against the Company of any such debt, claim, Liability, commitment, obligation or loss, which could have a Material Adverse Effect. For the avoidance of doubt, Sellers acknowledge that Buyer is not assuming any such debts, claims, Liabilities, commitments, obligations or losses not disclosed in this Agreement and disclosed and accrued for or reserved against in the Financial Statements or the Closing Financial Statements, and Buyer will be indemnified for such pursuant to Section 6.1 of the Staimax m

4.11 Compliance with Law ~~CONFIDENTIAL~~

4.12 Legal Proceedings. Except for Schedule 4.12: (a) The Company is not a party to any pending or threatened legal, administrative or other proceeding, arbitration, mediation, out-of-court settlement negotiation or investigation, and (b) no Person who is or was within the last five years an employee, director or officer of the Company is a party to any pending, or threatened, legal, administrative or other proceeding, arbitration, mediation, out-of-court settlement negotiation or investigation in their capacity as employees, directors or officers of the Company, which adversely affects the Company. The Company is not subject to any order, writ, injunction, decree or other judgment of any court or any governmental authority. There are no suits or proceedings pending or threatened before any court or by or before any governmental or regulatory authority, commission, or agency or public regulatory body against Sellers which, would interfere with Sellers' ability to consummate the transactions contemplated hereby.

4.13 Title to and Condition of Personal Property.

(a) The Company and Inmobiliaria own, lease or have the legal rights to use all properties and assets (tangible and intangible), except for those assets established in Schedule 4.13(a), including the Real Property (as defined below) and Company's Intellectual Property, used or intended to be used in the conduct of the Company's business (the "Assets"). The Company and Inmobiliaria have good and marketable title or leasehold interest to each Asset, free and clear of all Liens. The Assets constitute all of the assets and rights required to operate the business of the Company as previously conducted. All of the Assets are in good operating condition and repair, ordinary wear and tear excepted, and are not in need of substantial maintenance or repairs.

(b) Each item of equipment, personal property and asset of the Company used in operation of the Business is included as an Asset in the Closing Financial Statements and shall remain with the Company. The parties agree that Schedule 4.13(b) sets forth the full and complete list of all Assets of the Company as of the Closing Date.

4.14 Real Property.

(a) Schedule 4.14(a) sets forth the street address of the real property where the Plant is located owned by the Inmobiliaria (the "Owned Real Property"), and related title, legal and other information. Sellers have previously delivered to Buyer with respect to the Owned Real Property, a copy of the deed pursuant to which the Company acquired such Owned Real Property. Inmobiliaria possesses and at the Closing Date will possess good, marketable and insurable fee simple title to the Owned Real Property, free and clear of all Liens.

(b) Schedule 4.14(b) sets forth the street address of each parcel of real property leased by the Company (the "Leased Real Property") and together with the Owned Real Property, the "Real Property"). The Sellers have delivered to Buyer true and complete copies of all of the lease agreements, as amended to date (the "Current Leases") relating to the Leased Real Property. The Company enjoys peaceful and undisturbed possession of the Real Property.

(c) The Real Property (which includes the property that is the subject of the Land Purchase Agreement and the Leases) is and as of the Closing Date will be, free of structural or non-structural defects, and has access to adequate water, sewer, gas, telephone and electric utilities which are in good working order; in each instance as is sufficient to conduct the business of the Company as currently conducted. All construction and improvements made on the Real Property are, and as of the Closing Date, not in need of substantial repairs except for ordinary or routine maintenance or repairs.

4.15 Governmental Authorizations. Except as set forth on Schedule

(c) Schedule 4.17(c) sets forth a complete list of all pension, retirement, stock purchase, stock bonus, stock ownership, stock option, profit sharing, savings, medical, disability, hospitalization, insurance, deferred compensation, bonus, incentive, welfare or any other material employee benefit plan, policy, agreement, commitment, arrangement or practice currently or previously maintained by the Company for any of their directors, officers, consultants, employees or former employees (the “Plans”).

Each Plan has been administered in accordance with its terms and applicable Law. With respect to the Plans, no event has occurred and there exists no condition, facts or circumstances, which could give rise to any liability of the Company under the terms of such Plans or any applicable Law.

Notwithstanding any provision to the contrary herein, Sellers agree to cause their affiliate entity Pexa, S.C. (“Pexa”) which currently acts as employer of all employees that work for the Company (and to cooperate with Opko Company Services, S. de R.L. de C.V., (“OCS”) an affiliate of Buyer) to have OCS substitute as employer of all such employees under the current terms and conditions of the employment agreement of each of them and to have the corresponding collective labor agreement with the current union to be also assigned to or renewed with OCS under same terms and conditions of the current collective labor agreement. Parties agree that the foregoing shall be accomplished within (30) days after the Closing Date. Simultaneously to the substitution of employer of OCS mentioned above, the corresponding services agreement dated September 1, 2001 between the Company and Pexa (the “Pexa Services Agreement”) shall be terminated. For purposes of clarity the Pexa Services Agreement shall continue to be in full force and effect in accordance with its terms until such substitution is accomplished and therefore as of the Closing date Buyer shall cause the Company to fully comply with all obligations related to the employees and to the Pexa Services Agreement.

4.18 Labor Relations. There is no strike or dispute pending or threatened involving any employees of the Company. Except as described in Schedule 4.18, none of the employees of the Company is a member of any labor union and the Company is not a party to, otherwise bound by, or threatened with any labor or collective bargaining agreement. Without limiting the generality of Section 4.11, (a) no unfair labor practice complaints are pending or threatened against the Company, and (b) no Person has made any claim, and there is no basis for any claim, against the Company under any statute, regulation or ordinance relating to employees or employment practices, including without limitation those relating to age, sex and racial discrimination, conditions of employment, and wages and hours.

4.19 Company Contracts.

(a) Schedule 4.19 sets forth a list (all such contracts, agreements, arrangements or commitments as are required to be set forth on Schedule 4.19 being referred to herein collectively as the “Company Contracts”) of all written agreements, arrangements or commitments to which either the Company is a party or by which any of its assets is bound or affected which are material to the Company, including, without limitation:

- (i) each partnership, joint venture or similar agreement of the Company with another Person;

(ii) each contract or agreement under which the Company has created, incurred, assumed or guaranteed (or may create, incur, assume or guarantee) indebtedness of more than US\$10,000 in principal amount or under which the Company has imposed (or may impose) a Lien on any of its assets, whether tangible or intangible securing indebtedness;

(iii) each contract or agreement which involves an aggregate payment or commitment per contract or agreement on the part of the Company of more than US\$10,000 per year;

(iv) all leases and subleases from any third person to the Company, in each case requiring annual lease payments in excess of US\$10,000;

(v) each contract or agreement to which the Company or any of its Affiliates, employees or former employees, officers, directors, shareholders, or family member of such persons is a party, all of which shall be fully terminated on the Closing Date with no further consequences to the Company or any of its Affiliates (except for the current leases which shall be substituted with the Leases;

(vi) each contract or agreement to which the Company is a party,



4.20 Tax Matters. Except as set forth on Schedule 4.20, all Tax returns required to be filed with respect to the Company and its business have been timely filed with the appropriate governmental authorities in all jurisdictions in which such returns are required to be filed, all of the foregoing as filed are true, correct and complete as of the applicable filing dates, and reflect accurately all liabilities for Taxes of the Company and its business for the periods to which such returns relate, and all amounts shown as owing thereon have been paid. All Taxes, if any, collectible or payable by the Company or relating to or chargeable against any of its assets, revenues or income through the Closing Date were or will be fully collected and paid by such date or provided for by adequate reserves in the Financial Statements. No claims or deficiencies have been asserted against the Company with respect to any Taxes which have not been paid or otherwise satisfied or for which accruals or reserves have not been made in the Financial Statements, and there exists no reasonable basis for the making of any such claims. The Company has not waived any restrictions on assessment or collection of Taxes or consented to the extension of any statute of limitations relating to taxation.

4.21 Guaranties. Except as set forth on Schedule 4.21, the Company is not a party to any Guaranty, and no Person is a party to any Guaranty for the benefit of the Company.

4.22 Insurance. Set forth on Schedule 4.22 is a list of all insurance policies providing insurance coverage of any nature to the Company. Such policies are (i) contracted under standard provisions, (ii) sufficient to cover for all Assets and Real Property; and (iii) sufficient for the compliance by Company with all requirements of Law and all Company Contracts. All of such policies are in full force and effect and are valid and enforceable in accordance with their terms, and the Company has complied with all material terms and conditions of such policies, including the payment of premium payments. None of the insurance carriers has indicated to Company an intention to cancel any such policy. The Company has no claim pending or anticipated against any of the insurance carriers under any of such policies and there has been no actual or alleged occurrence of any kind which may give rise to any such claim.

4.23 Inventories. The inventories of the Company shown on the balance sheets included in the Financial Statements and the inventories of the Company as of the Closing Date are stated and will be stated at not more than the lower of cost (on a first-in first-out basis) or market, and are fit for their particular use, do not and will not include any items below standard quality, defective, damaged or spoiled, obsolete or of a quality or quantity not usable or saleable for their intended purposes.

4.24 Regulatory Approvals/Product Registrations.

(a) Schedule 4.24(a) lists each product developed, manufactured, licensed, distributed or sold by the Company presently or in the last 5 years (collectively, the "Products"). Each Product manufactured by the Company has been manufactured in accordance with (i) each corresponding Regulatory Approval and product registration applicable to such Product, (ii) the specifications under which the Product is normally and has normally been manufactured, and (iii) without limiting the generality of Section 4.11, the provisions of all applicable Laws. There is no action or proceeding by any governmental or regulatory authority pending or, to the Knowledge of the Company, the Sellers or any of their Affiliates, threatened seeking the recall of any of the Products or the revocation or suspension of any Regulatory Approval or product registration. Schedule 4.24(a) lists all Products which at any time have been recalled, withdrawn or suspended by the Company, whether voluntarily or otherwise.

(b) Schedule 4.24(b) sets forth a complete and accurate list of all Regulatory Approvals and product registrations for each Product required under Applicable Law or Company Contracts which are pending or maintained by the Company, as well as the deadline and filing status for renewal of each. Except as set forth on Schedule 4.24(b), all of the Regulatory Approvals and product registrations for the Products are in full force and effect and have been duly and effect^{prod2}

4.25 Intellectual Property Rights.

(a) Schedule 4.25 sets forth a complete and correct list of all Intellectual Property that is owned by the Company and the Intellectual Property that the Company has a license, sublicense or other permission to use. Except as set forth in Schedule 4.25, the Company owns all right, title and interest in and to, or has a license, sublicense or other permission to use, all of the Intellectual Property, free and clear of all Liens or other encumbrances. All necessary registration, maintenance and renewal fees in connection with such Intellectual Property have been paid and all necessary documents and certificates in connection with such Intellectual Property have been filed with the relevant copyright, trademark or other governmental or regulatory authorities for the purposes of obtaining or maintaining such Intellectual Property duly registered as the sole property of the Company. Schedule 4.25 lists Intellectual Property which (i) has been recently acquired by the Company from related Sellers which final registration is pending; and (ii) is in process of registration before regulatory authorities for purposes of obtaining total and sole rights over such trademarks. As of the Closing Date, Buyer shall take over such process, provided however that all reasonable costs incurred by Buyer or the Company in connection with the foregoing until final registration shall be borne by Sellers and provided further that (iii) any failure to obtain such final registration of any Intellectual Property listed in such Schedule 4.25 within twenty for (24) months after the Closing date (except in the case of the three “Exakta” marks, for which Sellers shall have 36 months to obtain such registrations) shall be indemnifiable by each of the Sellers in the amount of US\$5,000 per mark (other than the Exakta marks). Failure to obtain registration of the three Exakta marks shall be indemnifiable by the Sellers in the aggregate amount of US\$100,000 as follows: (a) if the Exakta trademark is not obtained for class 5, the penalty shall be US\$75,000; (b) if the mark is not obtained for class 35, the penalty shall be US\$24,000 and (c) if the mark is not obtained for class 3, the penalty shall be US\$1,000.

(b) The Intellectual Property constitutes all patents and patent applications, and technology, know-how and information owned or licensed to the Company relating to the manufacture, use or sale of the Products. There have been no claims made in writing against the Company or any of its Affiliates asserting the invalidity, abuse, misuse, or unenforceability of any of the Intellectual Property, and, to the Knowledge of the Company and Sellers, no grounds for any such claims exist. Neither the Company, the Sellers nor any of their Affiliates has made any claim of any violation or infringement by others of its rights in the Intellectual Property, and, to the Knowledge of the Company, the Sellers and their Affiliates, no grounds for any such claims exist. Neither the Company, the Sellers nor any of their Affiliates has received any notice that it is in conflict with or infringing upon the asserted rights of others in connection with the Intellectual Property and, to the Knowledge of the Company, the Sellers and their Affiliates, the use of the Intellectual Property by the Seller or any of its Affiliates is not infringing and has not infringed upon any rights of any other Person. No interest in any of the Intellectual Property has been assigned, transferred, licensed or sublicensed by the Company or any of its Affiliates to any Person.

4.26 Power of Attorney. All of the Company’s issued, granted or executed powers of attorney on behalf of the Company which may be in force at the Closing Date shall be revoked and such revocation shall be notified to such attorneys in compliance with Applicable Law.

4.27 Working Capital. As of the Closing Date, the Company will have at least Twenty One Million Two Hundred Thousand (21,200,000) Mexican Pesos of Net Working Capital (“Agreed Working Capital”).

4.28 Absence of Material Adverse Effects. Since December 31, 2008, and except as otherwise disclosed in the Company’s June 30, 2009 financial statements delivered to Buyer, the Company has conducted its business only in the ordinary and usual course and in a manner consistent with past practices and, since such date there has been no Material Adverse Effect and the Company has not engaged or agreed to engage in any actions described in Section 7.1(b).

4.29 Accounts and Notes Receivable and Payable. Set forth on Schedule 4.29 is a true and complete aged list of unpaid accounts and notes receivable owing to and owed by the Company as of the date hereof. All of such accounts and notes receivable and payable constitute bona fide, valid and binding claims arising in the ordinary course of the Company’s business. Except as set forth on Schedule 4.29, there is no agreement for deduction, free goods, discounts, or other deferred price or adjustment to such receivables. Except as set forth on Schedule 4.29, (i) all receivables owing to the Company are less than ninety (90) days old as of February 16, 2009, are fully collectible and (ii) will be collected in the ordinary course of business (x) within one hundred and eighty (180) days after the date of its recording in the accounting records of the Company in the case of all receivables from private or non-governmental customers, and (y) two hundred and seventy (270) days after the date of its recording in the accounting records of the Company in the case of all receivables which result from direct sales from the Company to a governmental entity or institution as further identified in Schedule 4.20. In the event any account receivable is not collected within such one hundred and eighty (180) days or two hundred and seventy (270) days after the date of its recording in the accounting records of the Company, as the case may be, the Company may assign to Sellers and Sellers shall acquire such account receivables. As consideration for such assignment, Sellers shall pay the face value of such account receivables in immediate available funds or at the option of the Company, Buyer or the Company may withdraw from the Escrow Shares, the sufficient amount of shares to meet the par value of such receivables. The corresponding calculation as to the number of Escrow Shares to be withdraw shall be made in accordance with Section 6.4 (d). Sellers may request to the Company to continue to be the beneficiary of record of such account receivables that may not be assigned by law to them, it being understood however that such request shall in no event limit the right of the Company to withdraw from the Escrow Shares the sufficient amount of shares to meet the par value of such receivables as mentioned above. In the event the Company collects any amounts from accounts receivables for which it remained the beneficiary of record and for which it has been wholly indemnified by Escrow Shares, it shall transfer the amounts so collected to the Sellers as they are collected.

4.30 Related Parties. Except as disclosed in Schedule 4.30, no officer, director, shareholder of the Company, nor any Seller, or any of their respective spouses or family members has, directly or indirectly, (a) any ownership interest in, or is a director, officer, employee, consultant or agent of, any Person which is a competitor, supplier or customer of the Company; (b) any ownership interest in any property or asset, tangible or intangible, including any Intellectual Property, used in the conduct of the Company’s business; (c) any interest in or is, directly or indirectly, a party to, any Company Contract; (d) any contract or inducement to any Company Contract

Except as disclosed in Schedule 4.30, neither the Company nor any Subsidiary has any Liability to any Seller.

4.31 Absence of Certain Business Practices. None of the Sellers, the Company or any Affiliate of the Company or the Sellers, nor to the Company's or Sellers' Knowledge, any of their respective directors, officers, employees, agents, advisors, distributors, resellers or representatives ("Representatives") has: (a) used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity in respect of the Company's business; (b) directly or indirectly paid or delivered any fee, commission, sum of money or item of value, however characterized, to any finder, agent, or other party acting on behalf of or under the auspices of a governmental official or Governmental Authority in order to induce the official to make any governmental act or decision or to assist the Company in obtaining or retaining business; or (c) made any unlawful payment to any customer or supplier of the Company or its Affiliates, or Representative of any such customer or supplier in respect of the Company's business.

4.32 Closure of Betalactamic Business.

(a) As of the date hereof, the Company has ceased all aspects of its business related to the manufacture, sale and distribution of betalactamic products, and the Company has provided written notification of such event to each of its customers, suppliers and distributors of betalactamic products, as well as the Mexican health and regulatory authorities in the format attached hereto as Schedule 4.32. As of the date hereof, the Company has sold all raw materials and finished product inventory relating to betalactamics, and the Company has no commitment to purchase or sell any betalactamic product or raw materials from or to any party; nor shall it have an obligation to purchase or sell such products at any point in the future. Sellers shall be solely responsible for any liabilities resulting from the manufacture and sale of betalactamics by the Company up to the Closing Date.

(b) With respect to the machinery and equipment used or to be used in connection with the production of betalactamics under one or more lease agreements, all pending obligations under such lease agreements and promise of sale agreements shall be assigned to and assumed by Sellers within fifteen (15) days with no further recourse to the Company. It being understood that all payments due as of the Closing Date under such agreements shall be paid by Sellers.

4.33 Limitation. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF SELLERS CONTAINED IN THIS AGREEMENT AND IN ANY AGREEMENT OR TRANSACTION DOCUMENT DELIVERED IN CONNECTION WITH THIS AGREEMENT (THE "TRANSACTION DOCUMENTS"), NONE OF SELLERS, NOR COMPANY, NOR ANY OTHER PERSON ACTING FOR ANY OF THEM MAKES ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED. EXCEPT AS PROVIDED IN THE TRANSACTION DOCUMENTS, SELLERS HEREBY DISCLAIM ANY OTHER REPRESENTATION OR WARRANTY, WITH RESPECT TO THE EXECUTION, DELIVERY OR PERFORMANCE BY SELLERS OF THIS AGREEMENT OR THE RELATED DOCUMENTS.

ARTICLE 5

ADDITIONAL AGREEMENTS

5.1 Noncompetition.

(a) Each of the Sellers acknowledges that in order to assure Buyer that Buyer will retain the value of the Company, the Sellers shall not for a period of five years from Closing (the "Restricted Period") utilize his special knowledge of the business of the Company and their relationships with suppliers, customers, competitors and others to compete with the Company directly or indirectly.

(b) During the Restricted Period, each Seller shall not engage or have an interest anywhere where the Company does business, alone or in association with others, as principal, officer, agent, employee, director, partner or stockholder, or through the investment of capital, lending of money or property, rendering of services or otherwise, in any business competitive with or similar to that engaged in by the Company presently or at any time in the past.

5.3 Continuing Obligations. The restrictions set forth in Sections 5.1 and 5.2 are considered by the parties to be reasonable for the purposes of protecting the value of the business and goodwill of the Company and Buyer. Buyer and the Seller+

ARTICLE 6

SURVIVAL; INDEMNIFICATION

6.1 Investigation. The representations, warranties and covenants set forth in this Agreement, as excepted in the relevant Disclosure Schedules, shall not be affected or diminished in any way by any investigation (or failure to investigate) at any time by or on behalf of the party for whose benefit such representation, warranties and/or covenants were made.

6.2 Survival of the Representations and Warranties. The representations and warranties and indemnification obligations of Sellers and the Buyer shall survive the Closing Date for a period of two (2) years from the Closing Date; provided, however, that (i) the representations in Section 4.25 and the indemnification obligation in Section 6.4(a)(viii) relating to registration of the Exakta marks shall survive for a period of three years; (ii) the representations and warranties set forth in Sections 4.4, 4.11, 4.15, 4.17, 4.18, 4.24, 4.26, 4.30, and 4.31, and the indemnification obligations of Sellers set forth in Sections 6.4(a)(iv), (v), and (vi) shall survive for a period of five years; and (iii) the representations and warranties set forth in Sections 4.6, 4.7, 4.8, 4.16, and 4.20 and the indemnification obligations of Seller set forth in Sections 6.4(a) (ii), (iii), and (ix) shall survive the Closing Date until the expiration of the period specified in the applicable statute of limitations.

6.3 General Release. Except as otherwise provided for herein, as additional consideration for the sale of the Company Capital Stock pursuant to this Agreement, each of the Sellers hereby unconditionally and irrevocably releases and forever discharges, effective as of the Closing Date, each of the Company and its officers, directors, employees and agents, from any and all rights, claims, demands, judgments, obligations, liabilities and damages, whether accrued or unaccrued, asserted or unasserted, and whether known or unknown, relating to the Company which ever existed, now exist, or may hereafter exist, by reason of any tort, breach of contract, violation of law or other act or failure to act which shall have occurred at or prior to the Closing Date, or in relation to any other liabilities of the Company to Sellers.

6.4 Indemnification.

(a) **Indemnification by Sellers.** Sellers agree, jointly and severally, to defend, indemnify and hold harmless Buyer, OPKO, their Affiliates and their respective directors, officers, employees and agents from, against and in respect of, the full amount of:

(i) (A) any and all actions, suits, proceedings, demands, liabilities, damages, claims, deficiencies, fines, penalties, interest, assessments, judgments, losses, Taxes, costs and expenses, including, without limitation, reasonable fees and disbursements of counsel (collectively, the "Indemnified Losses") arising from or in connection with any breach or violation of any of the representations and warranties contained in this Agreement or (B) any and all Indemnified Losses arising from or in connection with any breach or violation of the covenants or agreements of any of the Sellers or the Company contained in this Agreement;

(ii) any and all Indemnified Losses for Taxes attributable to all Tax years or portions thereof ending on or prior to the Closing Date imposed on the Company, as well as deferred taxes in connection with the operation of the business prior to Closing, all of which shall remain the sole responsibility of Sellers;

(c) Indemnification Procedure as to Thir



6.5 Limitations on Liabilities.

(a) Notwithstanding anything to the contrary contained herein, except for subsection (c) below, in no event shall the aggregate sums payable by the Sellers under Section 6.4(a)(i) (other than sums payable as a result of breaches of the representations and warranties set forth in Sections

(iv) maintain and keep its properties and assets in the same repair and condition as they were on the date of this Agreement;

(v) continue and maintain the approval process in the ordinary course of business with respect to the Company Products and product registrations and any products being developed by the Company; and

(vi) continuously maintain insurance coverage substantially equivalent to the insurance coverage in existence on the date of this Agreement.

(b) Additionally, during the period from the date of this Agreement to the Closing Date, except with the prior written consent of Buyer, the Company shall not and the Sellers shall not permit the Company to, directly or indirectly,

(i) amend or otherwise change the Company's Organizational Documents;

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

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

(iv) declare or pay any dividend or other distribution;

(v) sell, transfer, surrender, abandon or dispose of any of its assets or property rights (tangible or intangible), except for sales or dispositions of inventory in the ordinary course of business consistent with past practice;

(vi) (A) grant, make or subject itself or any of its assets or properties to any Lien, or (B) grant or make any Lien on any properties or assets which are being transferred out of the Company;

(vii) create, incur or assume any liability or indebtedness in excess of US\$10,000;

(viii) enter into, amend or terminate any Company Contract with an annual value of at least \$10,000 or for a longer period than three months;

(ix) commit to make any capital expenditures, which would be payable by the Company after the Closing Date;

(x) grant any guaranty other than bonds under government procurement procedures;

(xi) waive, release, assign, settle or compromise any material claim or litigation;

(xii) except as required by Law, increase the compensation payable or to become payable to employees or grant any rights to severance or termination pay to, or enter into any employment or severance agreement with any employee or establish, adopt, enter into or amend any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any employee;

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

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

(xv) make any Tax election or settle or compromise any material federal, state or local or federal income Tax Liability;

(xvi) change its accounting practices, methods or assumptions or write down any of its assets;

(xvii) notify the Buyer if any party has accelerated, terminated, modified or canceled any Company Contract;

(xviii) grant any license or sublicense of any right under or with respect to any Intellectual Property or disclose any proprietary or confidential information to any third party;

(xix) take or omit to take any action which would render any of the Company's or any of the Sellers' representations or warranties untrue or misleading, or which would be a breach of any of the Company's or Sellers' covenants;

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

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

7.2 Maintenance of Personnel. During the period from the date of this Agreement to the Closing Date, the Company and Sellers agree to cooperate and provide adequate personnel to permit the conduct of the activity contemplated in Section 7.1(a)(i).

7.3 Consent of Governmental Authorities and Others. Each of Buyer, on the one hand, and the Company and the Sellers, on the other, agree to file, submit or request (or cause to be filed, submitted or requested) promptly after the date of this Agreement and to prosecute diligently any and all (a) applications or notices required to be filed or submitted to any governmental or regulatory authorities, and (b) in the case of the Company, requests for consents and approvals of Persons required to be obtained in connection with the transactions contemplated by this Agreement. Each of Buyer, on the one hand, and the Company and the Sellers on the other, shall promptly make available to the other or to a relevant governmental authority, as the case may be, such information as each of them may reasonably request relative to its business, assets and property as may be required by each of them to prepare and file or submit such applications and notices and any additional information requested by any governmental authority, and shall update by amendment or supplement any such information given in writing. Each of Buyer on the one hand and the Company and the Sellers on the other, represent and warrant to the other that such information, as amended or supplemented, shall be true and not misleading.

7.4 Due



(c)



(b) Covenants Performed. The covenants of the Buyer contained in this Agreement to be performed or complied with on or before the Closing Date shall have been duly performed or complied with.

(c) No Material Adverse E

(iv) by Buyer, on the one hand;



9.4 No Third Party Beneficiary. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any Person other than the parties hereto and their respective heirs, personal representatives, legal representatives, successors andr she

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

9.12 Jurisdiction and Venue. All disputes arising out of or in connection with the present Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one arbitrator appointed in accordance with said Rules. The venue of the arbitration shall be Miami, Florida and the language of the arbitration shall be English. For any dispute which cannot be submitted to arbitration, the Parties irrevocably agree that the state and federal courts located in Miami-Dade County, Florida (the "Court") shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement. The parties irrevocably waive, to the fullest extent permitted by law, any objection to jurisdiction which they may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, or any judgment entered by any court in respect hereof brought in the State of Florida, and further irrevocably waive any claim that any suit, action or proceeding brought in Florida has been brought in an inconvenient forum.

9.13 Publicity. The parties shall agree to the content of any press release or other public announcement concerning this Agreement or the transactions contemplated hereby before issuing the same. Nothing contained herein shall prevent OPKO from at any time furnishing any information to any governmental authority which it is by law or otherwise so obligated to disclose or from making any disclosure which its counsel deems necessary or advisable in order to fulfill such party's disclosure obligations under applicable law or the rules of the any stock exchange to which the party is subject.

(Signatures on following page)

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

OPKO Health Mexicana S. de R.L. de C.V.

By: _____

Name: Adolfo Garcin de la Cueva
Title: Attorney-in-fact

Calle El Carmen no. 651
Fraccionamiento Camino Real,
C.P. 45040, Zapopan Jalisco, Mexico
Fax: (52-33) 3122 6574

OPKO Manufacturing Facilities S. de R.L. de C.V.

By: _____

Name: Adolfo Garcin de la Cueva
Title: Attorney-in-fact

Calle El Carmen no. 651
Fraccionamiento Camino Real,
C.P. 45040, Zapopan Jalisco, Mexico
Fax: (52-33) 3122-6574

OPKO Health, Inc.

By: _____

Name:
Title:

4400 Biscayne Boulevard
Miami, Florida

Sellers:

IGNACIO LEVY GARCÍA

By: _____

Name: Ignacio Levy García

Fax:



JOSÉ DE JESUS LEVY GARCÍA

By: _____
Name: José de Jesus Levy García

Fax:

Company:

PHARMACOS EXAKTA, S.A. DE C.V.

By: _____

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

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

The Quarterly Report on Form 10-Q for the quarterly period ended MB ~~MM~~ i
