UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the Fiscal Year Ended December 31, 2015

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 No. 001-35366

FORTRESS BIOTECH, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**20-5157386**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
3 Columbus Circle, 15th Floor **New York, New York 10019**	**10019**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's telephone number, including area code: (781) 652-4500

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

(Title of Class)	**(Name of exchange on which registered)**
Common Stock, par value $0.001 per share	**NASDAQ Capital Market**

Securities registered pursuant to section 12(g) of the Act:
None.

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter: $98,625,012 based upon the closing sale price of our common stock of $3.36 on that date. Common stock held by each officer and director and by each person known to own in excess of 5% of outstanding shares of our common stock has been excluded in that such persons may be deemed to be affiliates. The determination of affiliate status in not necessarily a conclusive determination for other purposes.

As of March 15, 2016, there were 48,517,449 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2016 Annual Meeting of Stockholders currently scheduled to be held on June 16, 2016 are incorporated by reference into Part III hereof.

FORTRESS BIOTECH, INC.
ANNUAL REPORT ON FORM 10-K
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CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Statements in this Annual Report on Form 10-K that are not descriptions of historical facts are forward-looking statements that are based on management's current expectations and are subject to risks and uncertainties that could negatively affect our business, operating results, financial condition and stock price. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "might," "plans," "potential," "predicts," "should," or "will" or the negative of these terms or other comparable terminology. Factors that could cause actual results to differ materially from those currently anticipated include those set forth under "Item 1A. Risk Factors" including, in particular, risks relating to:

- our growth strategy;
- financing and strategic agreements and relationships;
- our need for substantial additional funds and uncertainties relating to financings;
- our ability to identify, acquire, close and integrate product candidates successfully and on a timely basis;
- our ability to attract, integrate and retain key personnel;
- the early stage of products under development;
- the results of research and development activities;
- uncertainties relating to preclinical and clinical testing;
- our ability to secure and maintain third-party manufacturing, marketing and distribution of our products;
- government regulation;
- patent and intellectual property matters;
- dependence on third-party manufacturers; and
- competition.

We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations or any changes in events, conditions or circumstances on which any such statement is based, except as required by law.

PART I

Item 1. Business.

Overview

Since inception on June 28, 2006, Fortress Biotech, Inc. ("Fortress"), formerly Coronado Biosciences, Inc., has been a biopharmaceutical company involved in the development of novel immunotherapy agents for the treatment of autoimmune diseases and cancer. In 2015, as part of our growth strategy, we focused on acquiring, developing and commercializing novel pharmaceutical and biotechnology products. We plan to continue to develop and commercialize products both within Fortress and our subsidiaries, which are sometimes referred to herein as the "Fortress Companies". In addition to our internal development programs, we plan to leverage our biopharmaceutical business expertise and drug development capabilities to help the Fortress Companies innovate, develop and commercialize products. Additionally, we will provide funding and management services to each of the Fortress Companies and, from time to time, we and the Fortress Companies will seek licensing, partnerships, joint ventures and/or public and private financings to accelerate and provide additional funding to support their research and development programs.

Business Strategy

Our business approach is designed for maximum flexibility, allowing us to invest in a broad array of new technologies with clinical and commercial potential. It enables us to move quickly to take advantage of time-sensitive opportunities when necessary, and provides us with a range of options that allow us to select what we believe is the most advantageous corporate or financial structure for each investment candidate. We seek to acquire and invest in drugs, technologies and operating subsidiaries with high growth potential. In 2015, we made significant progress with our above initiatives and believe our novel business approach will provide opportunities to achieve synergies across multiple Fortress Companies.

At the end of 2015, we had several consolidated Fortress Companies, some of which contain product licenses, including Avenue Therapeutics, Inc. ("Avenue"), Journey Medical Corporation ("JMC"), Coronado SO Co. ("Coronado SO"), Checkpoint Therapeutics, Inc. ("Checkpoint"), Mustang Bio, Inc. ("Mustang"), Helocyte, Inc. ("Helocyte"), formerly DiaVax Biosciences, Inc. ("DiaVax"),Escala Therapeutics, Inc. ("Escala"), formerly Altamira Biosciences, Inc. ("Altamira"), CB Securities Corporation and Cyprium, Inc.

The Fortress Companies

Avenue Therapeutics, Inc.

Avenue was formed as a specialty pharmaceutical company to acquire, license, develop and commercialize products principally for use in the acute/intensive care hospital setting. Avenue's lead product candidate is an intravenous ("IV") formulation of tramadol HCI ("IV Tramadol") for the treatment of moderate to moderately severe post-operative pain. In February 2015, we purchased the exclusive license to IV Tramadol for the U.S. market from Revogenex Ireland Limited ("Revogenex") and transferred it to Avenue. Avenue is a Delaware corporation and a majority-owned subsidiary of Fortress.

Checkpoint Therapeutics, Inc.

Checkpoint was formed in December 2014 as an innovative, immuno-oncology biopharmaceutical company focused on the acquisition, development and commercialization of novel, non-chemotherapy, immune-enhanced combination treatments for patients with solid tumor cancers. Checkpoint aims to acquire rights to these technologies by licensing the rights or otherwise acquiring an ownership interest in the technologies, funding their research and development and eventually either out-licensing or bringing the technologies to market.

Currently, Checkpoint is developing a portfolio of fully human immuno-oncology targeted antibodies generated in the laboratory of Dr. Wayne Marasco, M.D., Ph.D., a professor in the Department of Cancer Immunology and AIDS at the Dana-Farber Cancer Institute ("Dana-Farber"). The portfolio of antibodies Checkpoint licensed from Dana-Farber includes antibodies targeting programmed death-ligand 1 ("PD-L1"), glucocorticoid-induced TNFR related protein ("GITR") and carbonic anhydrase IX ("CAIX") (together, the "Dana-Farber Antibodies"). Checkpoint has also licensed and is developing two oral targeted anti-cancer therapies, consisting of a small molecule inhibitor of poly (ADP-ribose) polymerase ("PARP") and a small molecule inhibitor of epidermal growth factor receptor ("EGFR") mutations. Clinical trials are expected to start in the first half of 2016 for the EGFR inhibitor and the second half of 2016 for the PARP inhibitor and one or more of the Dana-Farber Antibodies.

In December 2015, Checkpoint closed on gross proceeds of $57.8 million, before commissions and expenses, in a series of private placement equity financings. Net proceeds from this offering were approximately $51.5 million. In February 2016, Checkpoint repaid its $2.8 million National Securities Corporation's NSC Venture Fund I, LLC note. Checkpoint is a Delaware corporation, controlled by Fortress.

Mustang Bio, Inc.

Mustang was formed in 2015 as a clinical-stage biopharmaceutical company focused on the development and commercialization of novel cancer immunotherapy products designed to utilize the power of the patient's own immune system to eliminate cancer cells. Currently, Mustang is developing its own proprietary Chimeric Antigen Receptor T-Cells ("CAR-T"), which it licensed in March 2015 from Dr. Stephen Forman's laboratory at the City of Hope National Medical Center ("COH"). In connection with the license agreement, Mustang also entered into a sponsored research agreement with COH in which Mustang will fund continued research at COH related to CAR-T. Mustang intends to develop CAR-T across multiple cancers, including for acute myeloid leukemia ("AML") and brain cancer. These programs are in Phase I clinical development. Mustang is a Delaware corporation and a majority-owned subsidiary of Fortress.

Journey Medical Corporation

JMC was formed in October of 2014 and focuses on commercializing branded dermatology products through clinical development, licensing and acquisition. JMC competes with companies such as Allergan Inc., Aqua Pharmaceuticals LLC, Cipher Pharmaceuticals Inc., Galderma S.A., Leo Pharma, Inc., Medimetriks Pharmaceuticals, Inc., Merz, Inc. and Valeant Pharmaceuticals International, Inc.

In March 2015, JMC entered into a license and supply agreement to acquire rights to distribute a dermatological product for the treatment of acne. In October 2015, JMC entered into a co-promote agreement with Crown Laboratories, Inc. and began to sell Dermasorb HC™. In anticipation of launching numerous products for sale, JMC also hired an outsourced dedicated sales force, consisting of 15 sales representatives and a national sales director in 2015.

In January 2016, JMC entered into a product license and supply agreement with a third party, to distribute a topical cream to promote wound healing for surgical treatments such as cryosurgery, Mohs surgery and biopsies. Also in January 2016, JMC entered into a distribution agreement with a third party to distribute an emollient for the treatment of Eczema. JMC expects to commence product sales in the second quarter of 2016. JMC is a Delaware corporation and a majority-owned subsidiary of Fortress.

Helocyte, Inc.

Helocyte, formerly DiaVax, was formed in March 2015 to develop novel immunotherapies for the prevention and treatment of cytomegalovirus ("CMV"), a common virus that affects people of all ages. On April 2, 2015, Helocyte entered into an agreement with COH to secure exclusive worldwide rights for two T-cell immunotherapeutic vaccines, known as Triplex and PepVax for controlling CMV in allogeneic hematopoietic stem cell transplant ("HSCT") and solid organ transplant ("SOT") recipients. Triplex and PepVax have now both entered into Phase 2 clinical studies, with PepVax expected to enroll patients later this year. Both programs are supported by grants paid and payable to COH from the National Cancer Institute. In connection with the licensing of Triplex and PepVax, Helocyte further entered into an option agreement with COH for exclusive worldwide rights to Pentamer, a universal immunotherapeutic vaccine being developed for the prevention of CMV transmission in utero, and exercised this option on April 28, 2015. The Pentamer program is currently undergoing nonclinical development. Helocyte is a Delaware corporation and is a majority-owned subsidiary of Fortress.

Coronado SO Co.

Coronado SO was formed in March 2014 as an oncology subsidiary. In January 2015, Coronado SO entered into an exclusive license agreement with a third party for a license for a Phase 2, Uracil Topical Cream used in the treatment and prevention of hand-foot syndrome, a common painful side effect of chemotherapeutics. In June 2015, the U.S. Food and Drug Administration ("FDA") accepted specific components of a planned Phase 2 study. Coronado SO is a Delaware corporation and is a majority-owned subsidiary of Fortress.

Escala Therapeutics, Inc.

Escala, formerly Altamira, was formed in December 2013 as a biopharmaceutical company focused on the acquisition, development and commercialization of novel agents for the treatment of rare, neglected or orphan disorders. Escala aims to acquire rights to such products by licensing or otherwise acquiring an ownership interest in the products, accelerate product-related research and development through funding and eventually provide these products to patients.

Currently, Escala is developing N-acetyl-D-mannosamine monohydrate ("ManNAc"), for the treatment of GNE Myopathy (also known as Human Inclusion Body Myopathy, or HIBM), and other disorders. in partnership with the National Institutes of Health ("NIH"). In July 2015, Escala acquired the NIH's license and cooperative research and development agreements ("CRADAs") from New Zealand Pharmaceuticals Limited ("NZP"). NZP will continue to manufacture ManNAc and remain the exclusive global supplier of ManNAc to Escala.

ManNAc is currently under investigation in an open label Phase 2 clinical study for the treatment of GNE Myopathy. A Phase I study to further investigate ManNAc safety and tolerability in a range of kidney disorders (glomerular nephropathies) associated with hyposialylation is under Internal Review Board ("IRB") review. Escala is a Delaware corporation and a majority-owned subsidiary of Fortress.

Product Candidates held by Fortress

Fortress' sole product candidate is CNDO-109, a lysate (disrupted CTV-1 cells, cell membrane fragments, cell proteins and other cellular components) that activates donor Natural Killer ("NK") cells. CTV-1 is a leukemic cell line re-classified as a T-cell acute lymphocytic leukemia ("ALL"). In November 2007, we entered into a license agreement, since amended, with University College London Business PLC ("UCLB") under which we received an exclusive, worldwide license to develop and commercialize CNDO-109 to activate NK cells for the treatment of cancer-related and other conditions and a non-exclusive license to certain clinical data solely for use in the IND for CNDO-109. In consideration of the license from UCLB, we will be required to make future milestone payments totaling up to approximately $22 million contingent upon the achievement of various regulatory milestones and, in the event that CNDO-109 is commercialized, we may be obligated to pay to UCLB royalties ranging from 3% to 5% of net sales of the product or, if commercialized by a sublicensee, a percentage of certain consideration we receive from such sublicensee (ranging from 20%-30% of such consideration depending on the stage of clinical development at the time of the sublicense). The manufacturing process for CNDO-109 activated NK cells is currently under development. We have produced a master cell bank and a working cell bank of CTV-1 cells in collaboration with BioReliance Corp, and we have contracted with Progenitor Cell Therapy, LLC and WuXi AppTec for services related to development, manufacture and testing services. We are sponsoring an ongoing Phase 1/2 study in patients with AML who are in their first complete remission ("CR1") and who are at a high risk of relapsing. This study has completed enrollment and is expected to remain open to follow the status of patients until mid-2016.

In April 2015, we decided to no longer pursue the development of our *Trichuris suis ova* ("TSO"). A preliminary analysis of data in our Phase 2A clinical trial of TSO in pediatric patients with autism disorder failed to demonstrate any signal of activity.

Intellectual Property

Our goal is to obtain, maintain and enforce patent protection for our and, in some cases, our subsidiaries' product candidates, formulations, processes, methods and any other proprietary technologies, preserve our trade secrets, and operate without infringing on the proprietary rights of other parties, both in the United States and in other countries. Our policy is to actively seek to obtain, where appropriate, the broadest intellectual property protection possible for our and, in some cases, our subsidiaries' product candidates, proprietary information and proprietary technology through a combination of contractual arrangements and patents, both in the United States and abroad. However, patent protection may not afford us with complete protection against competitors who seek to circumvent our patents.

We also depend upon the skills, knowledge, experience and know-how of our and our subsidiaries' management and research and development personnel, as well as that of our advisers, consultants and other contractors. To help protect our proprietary know-how, which is not patentable, and for inventions for which patents may be difficult to enforce, we and our subsidiaries currently rely and will in the future rely on trade secret protection and confidentiality agreements to protect our interests. To this end, we and our subsidiaries require all of our employees, consultants, advisers and other contractors to enter into confidentiality agreements that prohibit the disclosure of confidential information and, where applicable, require disclosure and assignment to us of the ideas, developments, discoveries and inventions important to our business.

With respect to CNDO-109, we have exclusive rights to International Patent Application No. PCT/GB2006/000960 and all pending United States and foreign counterpart applications including granted U.S. Patents No. 8,257,970 and 8,637,308 and the corresponding national phase applications granted in Australia and India and filed in Canada, Europe and Japan, directed to the stimulation of NK cells and related CNDO-109 compositions and methods including methods for the treatment of cancer and other conditions. This patent family has been in-licensed on an exclusive basis from UCLB. The CNDO-109 patent has an expiration date of January 2029 in the absence of any patent term extension. By way of an amendment to the license agreement with UCLB, we also have exclusive rights to International Application No. PCT/GB2010/051135 and all pending United States and foreign counterpart applications including pending United States Patent Application Serial No. 12/833,694 and the corresponding national phase applications filed in Europe, Brazil, China, Israel, Singapore and South Africa, directed to the preservation of activated NK cells and related compositions and methods. The CNDO-109 patents that may issue from the former patent family would expire in July 2030 in the absence of any patent term extension. The amendment includes rights to certain additional confidential technologies as well.

Competition

We and our subsidiaries operate in highly competitive segments of the biotechnology and biopharmaceutical markets. We face competition from many different sources, including commercial pharmaceutical and biotechnology enterprises, academic institutions, government agencies, and private and public research institutions. Many of our and our subsidiaries' competitors have significantly greater financial, product development, manufacturing and marketing resources than us. Large pharmaceutical companies have extensive experience in clinical testing and obtaining regulatory approval for drugs. In addition, many universities and private and public research institutes are active in cancer research, some in direct competition with us and our subsidiaries. We and our subsidiaries also may compete with these organizations to recruit scientists and clinical development personnel. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies.

Each cancer indication for which we or any of our subsidiaries may develop products has a number of established therapies with which our candidates will compete. With respect to CNDO-109, most major pharmaceutical companies and many biotechnology companies are aggressively pursuing new cancer development programs, including both therapies with traditional, as well as novel, mechanisms of action. Some of the anticipated competitor treatments for AML include Genzyme Corporation's Clolar (clofarabine), currently approved as a treatment for ALL, Eisai Corporation's Dacogen (decitabine), currently approved as a treatment for Myelodysplastic Syndromes ("MDS"), Celgene Corporation's Vidaza (azacitidine), currently approved as treatments for MDS, and Sunesis Pharmaceuticals, Inc.'s vosaroxin and Ambit Bioscience, Inc.'s quizartinib, which are currently being developed as a treatment for AML, any or all of which could change the treatment paradigm of acute leukemia. Each of these compounds is further along in clinical development than is the CDNO–109 activated NK cell product.

Government Regulation and Product Approval

Government authorities in the United States, at the federal, state and local level, and other countries extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of products such as those we and our subsidiaries are developing.

United States Pharmaceutical Product Development Process

In the United States, the FDA regulates pharmaceutical (drug and biologic) products under the Federal Food, Drug and Cosmetic Act, and implementing regulations. Pharmaceutical products are also subject to other federal, state and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product-development process, approval process or after approval, may subject an applicant to administrative or judicial sanctions. FDA sanctions could include refusal to approve pending applications, withdrawal of an approval, a clinical hold, warning letters, product recalls, product seizures, total or partial suspension of production or distribution injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us. The process required by the FDA before a pharmaceutical product may be marketed in the United States generally includes the following:

- completion of preclinical laboratory tests, animal studies and formulation studies according to good laboratory practices ("GLPs") or other applicable regulations;
- submission to the FDA of an Investigational New Product Drug Application ("IND"), which must become effective before human clinical trials may begin in the United States;
- performance of adequate and well-controlled human clinical trials according to the FDA's current good clinical practices ("GCPs"), to establish the safety and efficacy of the proposed pharmaceutical product for its intended use;
- submission to the FDA of a New Drug Application ("NDA") or Biologic License Application ("BLA") for a new pharmaceutical product;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities where the pharmaceutical product is produced to assess compliance with the FDA's current Good Manufacturing Practices ("cGMP"), to assure that the facilities, methods and controls are adequate to preserve the pharmaceutical product's identity, strength, quality and purity;
- potential FDA audit of the preclinical and clinical trial sites that generated the data in support of the NDA/ BLA; and
- FDA review and approval of the NDA/BLA.

The lengthy process of seeking required approvals and the continuing need for compliance with applicable statutes and regulations require the expenditure of substantial resources and approvals are inherently uncertain.

Products for somatic cell therapy are derived from a variety of biologic sources, including directly harvested autologous, allogeneic, or cultured cell lines. Product safety requires that these sources be well characterized, uniform, and not contaminated with hazardous adventitious agents. Also, cells directly from humans pose additional product safety issues. Because of the complex nature of these products, a controlled, reproducible manufacturing process and facility are required and relied on to produce a uniform product. The degree of reliance on a controlled process varies depending on the nature of the product. Because complete chemical characterization of a biologic product is not feasible for quality control, the testing of the biologic potency receives particular attention and is costly.

Before testing any compounds with potential therapeutic value in humans, the pharmaceutical product candidate enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product chemistry, toxicity and formulation, as well as animal studies to assess the potential safety and activity of the pharmaceutical product candidate. The conduct of the preclinical tests must comply with federal regulations and requirements including GLPs. The sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA places the IND on a clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. The FDA may also impose clinical holds on a pharmaceutical product candidate at any time before or during clinical trials due to safety concerns or non-compliance. Accordingly, we cannot be certain that submission of an IND will result in the FDA allowing clinical trials to begin, or that, once begun, issues will not arise that suspend or terminate such clinical trial.

Clinical trials involve the administration of the pharmaceutical product candidate to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by the sponsor. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety. Each protocol must be submitted to the FDA if conducted under a U.S. IND. Clinical trials must be conducted in accordance with GCP requirements. Further, each clinical trial must be reviewed and approved by an IRB or ethics committee if conducted outside of the United States, at or servicing each institution at which the clinical trial will be conducted. An IRB or ethics committee is charged with protecting the welfare and rights of trial participants and considers such items as whether the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB or ethics committee also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed. We intend to use third-party clinical research organizations (“CROs”) to administer and conduct our planned clinical trials and will rely upon such CROs, as well as medical institutions, clinical investigators and consultants, to conduct our trials in accordance with our clinical protocols and to play a significant role in the subsequent collection and analysis of data from these trials. The failure by any of such third parties to meet expected timelines, adhere to our protocols or meet regulatory standards could adversely impact the subject product development program. Human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- Phase 1. The pharmaceutical product is usually introduced into healthy human subjects and tested for safety, dosage tolerance, absorption, metabolism, distribution and excretion. In the case of some products for severe or life-threatening diseases, such as cancer treatments, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients.
- Phase 2. The pharmaceutical product is evaluated in a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance, optimal dosage and dosing schedule.
- Phase 3. Clinical trials are undertaken to further evaluate dosage, clinical efficacy and safety in an expanded patient population at geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the product and provide an adequate basis for product labeling. Generally, two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of an NDA/BLA or foreign authorities for approval of marketing applications.

Post-approval studies, or Phase 4 clinical trials, may be conducted after initial marketing approval. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication and may be requested by the FDA as a condition of approval.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and written IND safety reports must be submitted to the FDA and the investigators for serious and unexpected adverse events or any finding from tests in laboratory animals that suggests a significant risk for human subjects. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA or the sponsor or, if used, its data safety monitoring board may suspend a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB or ethics committee can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's or ethics committee's requirements or if the pharmaceutical product has been associated with unexpected serious harm to patients.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the pharmaceutical product as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the pharmaceutical product candidate and, among other things, must develop methods for testing the identity, strength, quality and purity of the final pharmaceutical product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the pharmaceutical product candidate does not undergo unacceptable deterioration over its shelf life.

United States Review and Approval Processes

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the chemistry of the pharmaceutical product, proposed labeling and other relevant information are submitted to the FDA as part of an NDA/BLA requesting approval to market the product.

The NDA/BLA review and approval process is lengthy and difficult and the FDA may refuse to approve an NDA/BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. Even if such data and information is submitted, the FDA may ultimately decide that the NDA/BLA does not satisfy the criteria for approval. If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. Drug manufacturers and their subcontractors are required to register their establishments with the FDA, and are subject to periodic unannounced inspections by the FDA for compliance with cGMPs, which impose certain procedural and documentation requirements upon us and our third-party manufacturers. We cannot be certain that we, our subsidiaries or our suppliers will be able to comply with the cGMP and other FDA regulatory requirements.

Post-Approval Requirements

Any pharmaceutical products for which we or our subsidiaries receive FDA approvals are subject to continuing regulation by the FDA, including, among other things, record-keeping requirements, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, complying with certain electronic records and signature requirements and complying with FDA promotion and advertising requirements, which include, among others, standards for direct-to-consumer advertising, promoting pharmaceutical products for uses or in patient populations that are not described in the pharmaceutical product's approved labeling (known as "off-label use"), industry-sponsored scientific and educational activities, and promotional activities involving the internet. Failure to comply with FDA requirements can have negative consequences, including adverse publicity, enforcement letters from the FDA, mandated corrective advertising or communications with doctors, and civil or criminal penalties.

The FDA also may require Phase 4 testing, risk minimization action plans and surveillance to monitor the effects of an approved product or place conditions on an approval that could restrict the distribution or use of the product.

Orphan Drugs

Under the Orphan Drug Act, special incentives exist for sponsors to develop products for rare diseases or conditions, which are defined to include those diseases or conditions that affect fewer than 200,000 people in the United States. Requests for orphan drug designation must be submitted before the submission of an NDA or BLA. In June 2012, we were notified by the FDA that CNDO-109 was granted orphan drug designation and in September 2012, the Patent and Trademark Office ("PTO") issued the first U.S. patent covering CNDO-109. If CNDO-109 is commercialized, we will be obligated to pay UCLB annual royalties based upon the net sales of product or if we sublicense CNDO-109, a portion of sub-licensing revenue we receive, if any.

If a product that has an orphan drug designation is the first such product to receive FDA approval for the disease for which it has such designation, the product is entitled to orphan product exclusivity for that use. This means that, subsequent to approval, the FDA may not approve any other applications to market the same drug for the same disease, except in limited circumstances, for seven years. The FDA may approve a subsequent application from another person if the FDA determines that the application is for a different drug or different use, or if the FDA determines that the subsequent product is clinically superior, or that the holder of the initial orphan drug approval cannot assure the availability of sufficient quantities of the drug to meet the public's need. If the FDA approves someone else's application for the same drug that has orphan exclusivity, but for a different use, the competing drug could be prescribed by physicians outside its FDA approval for the orphan use, notwithstanding the existence of orphan exclusivity. A grant of an orphan designation is not a guarantee that a product will be approved. If a sponsor receives orphan drug exclusivity upon approval, there can be no assurance that the exclusivity will prevent another person from receiving approval for the same or a similar drug for the same or other uses.

Pediatric Information

Under the Pediatric Research Equity Act, or PREA, NDAs and BLAs or supplements to NDAs and BLAs must contain data to assess the safety and effectiveness of the treatment for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the treatment is safe and effective. The FDA may grant full or partial waivers, or deferrals, for submission of data. Unless otherwise required by regulation, PREA does not apply to any product for an indication for which orphan designation has been granted.

The Best Pharmaceuticals for Children Act, or BPCA, provides BLA holders a six-month extension of any exclusivity-patent or non-patent-for a product if certain conditions are met. Conditions for exclusivity include the FDA's determination that information relating to the use of a new drug in the pediatric population may produce health benefits in that population, FDA making a written request for pediatric studies, and the applicant agreeing to perform, and reporting on, the requested studies within a specific time frame.

Other Healthcare Laws and Compliance Requirements

In the United States, our and our subsidiaries' activities are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, including the Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration), other divisions of the United States Department of Health and Human Services (e.g., the Office of Inspector General), the United States Department of Justice and individual United States Attorney offices within the Department of Justice, and state and local governments.

Pharmaceutical Coverage, Pricing and Reimbursement

In the United States and markets in other countries, sales of any products for which we and our subsidiaries receive regulatory approval for commercial sale will depend in part on the availability of reimbursement from third-party payors, including government health administrative authorities, managed care providers, private health insurers and other organizations. Third-party payors are increasingly examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy, and, accordingly, significant uncertainty exists as to the reimbursement status of newly approved therapeutics. Adequate third-party reimbursement may not be available for our products to enable us realize an appropriate return on our investment in research and product development. We are unable to predict the future course of federal or state health care legislation and regulations, including regulations that will be issued to implement provisions of the health care reform legislation enacted in 2010, known as the Affordable Care Act. The Affordable Care Act and further changes in the law or regulatory framework could have a material adverse effect on our business.

International Regulation

In addition to regulations in the United States, there are a variety of foreign regulations governing clinical trials and commercial sales and distribution of any product candidates. The approval process varies from country to country, and the time may be longer or shorter than that required for FDA approval.

Employees

As of December 31, 2015, we had 34 full-time employees, at Fortress and the Fortress Companies.

Executive Officers of Fortress

The following table sets forth certain information about our executive officers as of December 31, 2015.

Name	Age	Position
Lindsay A. Rosenwald, M.D.	60	Chairman of the Board of Directors, President and Chief Executive Officer
Lucy Lu, M.D.	40	Executive Vice President and Chief Financial Officer
George Avgerinos, Ph.D.	62	Senior Vice President, Biologics Operations
Michael S. Weiss	49	Executive Vice Chairman Strategic Development

Lindsay A. Rosenwald, M.D. has served as a member of our Board of Directors since October 2009 and our Chairman, President and Chief Executive Officer since December 2013. Since November 2008, Dr. Rosenwald has served as Co-Portfolio Manager and Partner of Opus Point Partners Management, LLC ("OPPM"), an asset management firm in the life sciences industry, which he joined in 2009. Prior to that, from 1991 to 2008, he served as the Chairman of Paramount BioCapital, Inc. Over the last 23 years, Dr. Rosenwald has acted as a biotechnology entrepreneur and has been involved in the founding and recapitalization of numerous public and private biotechnology and life sciences companies. Dr. Rosenwald received his B.S. in finance from Pennsylvania State University and his M.D. from Temple University School of Medicine.

Lucy Lu, M.D. has served as our Executive Vice President and Chief Financial Officer since February 22, 2012. Dr. Lu has over 10 years of experience in the healthcare industry. From February 2007 through January 2012, Dr. Lu was a senior biotechnology equity analyst with Citi Investment Research. From 2004 until joining Citi, she was with First Albany Capital, serving as Vice President from April 2004 until becoming a Principal of the firm in February 2006. Dr. Lu holds an M.D. degree from the New York University School of Medicine and an M.B.A. from the Leonard N. Stern School of Business at New York University. Dr. Lu obtained a B.A. from the University of Tennessee's College of Arts and Science.

George Avgerinos, Ph.D. has served as our Senior Vice President, Biologics Operations since June 2013. Dr. Avgerinos joined us from AbbVie, Inc., where he was Vice President, HUMIRA® Manufacturing Sciences and External Partnerships. In his 22-year career at AbbVie, Inc., formerly Abbott Laboratories, formerly BASF Bioresearch Corporation (BASF), Dr. Avgerinos was responsible for many aspects of biologics development and operations. These included the HUMIRA® operations franchise, global biologics process and manufacturing sciences, biologics CMC, manufacturing operations, and third-party manufacturing. During his tenure, Dr. Avgerinos led and participated in the development of numerous clinical candidates which included the launch of HUMIRA®. He supported expansion of the supply chain to over $9 billion in annual global sales. Dr. Avgerinos' efforts on HUMIRA® have been recognized with numerous awards, including the prestigious Abbott's Chairman's award in 2011. Dr. Avgerinos received a B.A. in Biophysics from the University of Connecticut and a Ph.D. in Biochemical Engineering from the Massachusetts Institute of Technology.

Michael S. Weiss has served as our Executive Vice Chairman, Strategic Development since February 2014. Since December 2011, Mr. Weiss has served as Executive Chairman, and Interim President and CEO of TG Therapeutics, Inc. ("TGTX"). Mr. Weiss is a co-founder of, and has been a managing partner and principal of OPPM since 2008. Mr. Weiss earned his J.D. from Columbia Law School and his B.S. in Finance from The University at Albany. He began his professional career as a lawyer with Cravath, Swaine & Moore LLP. In 1999, Mr. Weiss founded Access Oncology which was later acquired by Keryx Biopharmaceuticals (NASDAQ: KERX) in 2004. Following the merger, Mr. Weiss remained as CEO of Keryx and grew the company to close to a $1 billion market capitalization company at its peak. While at Keryx, he raised over $150 million in equity capital through public and private offerings, executed over $100 million strategic alliance, negotiated multiple Special Protocol Assessments agreements with the FDA and managed multiple large clinical trials.

Available Information

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and amendments to reports filed or furnished pursuant to Sections 13(a), 14 and 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The public may obtain these filings at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549 or by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at http://www.sec.gov that contains reports, proxy and information statements and other information regarding our Company and other companies that file materials with the SEC electronically. Copies of our reports on Form 10-K, Forms 10-Q and Forms 8-K may be obtained, free of charge, electronically through our website at www.fortressbiotech.com.

Item 1A. Risk Factors

Item 1A. Risk Factors

Investing in our Common Stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the consolidated financial statements and the related notes, before deciding to invest in shares of our Common Stock. If any of the following risks were to materialize, our business, financial condition, results of operations, and future growth prospects could be materially and adversely affected. In that event, the market price of our Common Stock could decline and you could lose part of or all of your investment in our Common Stock.

Risks Related to our Growth Strategy

We may not be able to generate returns for our investors if our subsidiaries, which have limited or no operating history and no commercialized revenue generating products, cannot obtain additional third-party financing and commercialize products.

As part of our growth strategy, we have made and will likely continue to make substantial investments in our subsidiaries, which at the time of investment, have limited or no operating history, no commercialized revenue generating products, and require additional third-party financing to fund product development. Our business depends in large part on one or more of our subsidiaries' ability to innovate, in-license, acquire or invest in successful pharmaceutical and biotechnology products and/or companies in increasingly competitive and highly regulated markets. If our subsidiaries do not successfully obtain additional third-party financing and commercialize products, the value of our investments and our business may be materially adversely affected.

If our subsidiaries cannot innovate, develop and commercialize pharmaceutical and biotechnology products, we may not be able to generate royalty revenue.

Our revenue growth strategy also depends on our ability to generate royalty-related fees from our subsidiaries. If our subsidiaries cannot innovate, develop and commercialize pharmaceutical and biotechnology products, we may not be able to generate revenue growth as anticipated.

If we cannot continue to fund our and our subsidiaries' research and development programs, we and our subsidiaries may be required to reduce product development, which will adversely impact our growth strategy.

Our and our subsidiaries' research and development ("R&D") programs will require substantial additional capital to conduct research, preclinical testing and human studies, establish pilot scale and commercial scale manufacturing processes and facilities, and establish and develop quality control, regulatory, marketing, sales and administrative capabilities to support these programs. We expect to fund our and our subsidiaries' R&D activities from a combination of cash generated from royalties and milestones from our partners in various past and future collaborations and additional equity or debt financings from third parties. These financings could depress our stock price. If additional funds are required to support our or our subsidiaries' operations and such funds cannot be obtained on favorable terms, we and our subsidiaries may not be able to develop products, which will adversely impact our growth strategy.

Collaborative relationships with third parties could cause us or our subsidiaries to expend significant resources and incur substantial business risk with no assurance of financial return.

We anticipate substantial reliance upon strategic collaborations for marketing and commercializing our and our subsidiaries' existing product candidates, and we and our subsidiaries may rely even more on strategic collaborations for R&D of other product candidates. We and our subsidiaries may sell product offerings through strategic partnerships with pharmaceutical and biotechnology companies. If we or our subsidiaries are unable to establish or manage such strategic collaborations on terms favorable to us in the future, our revenue and drug development may be limited.

If we or our subsidiaries enter into R&D collaborations during the early phases of drug development, success will in part depend on the performance of research collaborators. Neither we nor our subsidiaries will directly control the amount or timing of resources devoted by research collaborators to activities related to product candidates. Research collaborators may not commit sufficient resources to our or our subsidiaries' R&D programs. If any research collaborator fails to commit sufficient resources, the preclinical or clinical development programs related to the collaboration could be delayed or terminated. Also, collaborators may pursue existing or other development-stage products or alternative technologies in preference to those being developed in collaboration with us or our subsidiaries. Finally, if we or our subsidiaries fail to make required milestone or royalty payments to collaborators or to observe other obligations in agreements with them, the collaborators may have the right to terminate or stop performance of those agreements.

Establishing strategic collaborations is difficult and time-consuming. Our and our subsidiaries' discussions with potential collaborators may not lead to the establishment of collaborations on favorable terms, if at all. Potential collaborators may reject collaborations based upon their assessment of our and our subsidiaries' financial, regulatory or intellectual property position. Even if we or our subsidiaries successfully establish new collaborations, these relationships may never result in the successful development or commercialization of product candidates or the generation of sales revenue. To the extent that we or our subsidiaries enter into collaborative arrangements, the related product revenues are likely to be lower than if we or our subsidiaries directly marketed and sold products.

Management of our relationships with collaborators will require:

- significant time and effort from our management team, as well as from the management teams of our subsidiaries;
- coordination of our and our subsidiaries' marketing and R&D programs with the respective marketing and R&D priorities of our collaborators; and
- effective allocation of our and our subsidiaries' resources to multiple projects.

We may not be able to manage our anticipated growth, which may in turn adversely impact our business.

We will need to continue to expend funds on improving our infrastructure to address our anticipated growth. Acquisitions of products, even through our multiple subsidiaries, could place a strain on management, and administrative, operational and financial systems. In addition, we may need to hire, train and manage more employees, focusing on their integration with our Company and corporate culture. Integration and management issues associated with increased acquisitions may require a disproportionate amount of our management's time and attention and distract our management from other activities related to running our business.

As we continue to execute our growth strategy, we may be subject to further government regulation which would adversely affect our operations.

If we engage in business combinations and other transactions that result in our Company holding passive investment interests in a number of entities, we may become subject to regulation under the Investment Company Act of 1940, as amended (the "Investment Company Act"). If we do become subject to the Investment Company Act, we would be required to register as an investment company and could be expected to incur significant registration and compliance costs in the future.

We may not be able to hire or retain key officers or employees for our Company, and in some cases, our subsidiaries, to implement our business strategy and develop products and businesses.

Our success depends significantly on the continued contributions of our executive officers, scientific and technical personnel and consultants, and on our ability to attract additional personnel for our Company and, in some cases, our subsidiaries as we continue to implement our growth strategy and develop products. During our and our subsidiaries' operating history, many essential responsibilities have been assigned to a relatively small number of individuals. However, as we continue to implement our growth strategy and our subsidiaries grow, the demands on our key employees will expand and we will need to recruit additional qualified employees for our Company and, possibly, for our subsidiaries. The competition for such qualified personnel is intense, and the loss of services of certain key personnel or our or our subsidiaries' inability to attract additional personnel to fill critical positions could adversely affect our business.

We currently depend heavily upon the efforts and abilities of our management team and the management teams of our subsidiaries. The loss or unavailability of the services of any of these individuals for any significant period of time could have a material adverse effect on our business, prospects, financial condition and results. In addition, we have not obtained, do not own, nor are we the beneficiary of key-person life insurance for all of our and our subsidiaries' key personnel. We only maintain a limited amount of directors' and officers' liability insurance coverage to protect all of our directors and executive officers taken together (and those of our subsidiaries until they go public). There can be no assurance that this coverage will be sufficient to cover the costs of the events that may lead to its invocation, in which case, there could be a substantial impact on our and our subsidiaries' ability to continue operations.

Risks Related to Our Business and Industry

We are an early-stage company, with limited operating history upon which stockholders can base an investment decision.

We remain an early-stage biopharmaceutical company and our subsidiaries, on whose success we largely rely, are also early-stage biopharmaceutical companies. To date, we and our subsidiaries have engaged primarily in R&D and investment activities and have not generated any revenues from product sales. We and our subsidiaries have incurred significant net losses since our inception. As of December 31, 2015, we had an accumulated deficit of approximately $190.2 million. We and our subsidiaries have not demonstrated our ability to perform the functions necessary for the successful commercialization of any of our products. The successful commercialization of our products will require us to perform a variety of functions, including:

- continuing to undertake pre-clinical development and clinical trials;
- participating in regulatory approval processes;
- formulating and manufacturing products; and
- conducting sales and marketing activities.

Our operations have been limited to organizing and staffing our Company (and in some cases our subsidiaries), acquiring, developing and securing the proprietary rights for, and undertaking pre-clinical development and clinical trials of product candidates, and making investments in other pharmaceutical and biotechnology companies. These operations provide a limited basis for our stockholders and prospective investors to assess our ability to commercialize product candidates, develop potential product candidates and make successful investments in pharmaceutical and biotechnology companies.

Our existing product candidate and our subsidiaries' current and future product candidates are at an early stage of development and may not be successfully developed or commercialized.

Our existing product candidate, CNDO-109, and most of our subsidiaries' product candidates remain in the early stage of development and will require substantial further capital expenditures, development, testing and regulatory clearances prior to commercialization. The development and regulatory approval process takes several years and it is not likely that CNDO-109 or all our subsidiaries' product candidates, even if successfully developed and approved by the FDA, would be commercially available for several years. Of the large number of drugs in development, only a small percentage successfully completes the FDA regulatory approval process and is commercialized. Accordingly, even if we and our subsidiaries are able to obtain the requisite financing to fund development programs, we cannot assure you that any of our or our subsidiaries' product candidates will be successfully developed or commercialized, which could result in the failure of our business and a loss of your investment in our Company.

Because we and our subsidiaries in-license certain product candidates from third parties, any dispute with the licensors or the non-performance of such license agreements may adversely affect our and our subsidiaries' ability to develop and commercialize the applicable product candidates.

All of our existing product candidates and certain of our subsidiaries' product candidates, including related intellectual property rights, were in-licensed from third parties. Under the terms of the license agreements, the licensors generally have the right to terminate such agreements in the event of a material breach. The licenses require us and our subsidiaries to make annual, milestone or other payments prior to commercialization of any product and our and our subsidiaries' ability to make these payments depends on the ability to generate cash in the future. These license agreements also generally require the use of diligent and reasonable efforts to develop and commercialize product candidates.

If there is any conflict, dispute, disagreement or issue of non-performance between us or one of our subsidiaries, on the one hand, and the respective licensing partner, on the other hand, regarding the rights or obligations under the license agreements, including any conflict, dispute or disagreement arising from a failure to satisfy payment obligations under such agreements, the ability to develop and commercialize the affected product candidate may be adversely affected.

Product candidates we or our subsidiaries advance into clinical trials may not receive regulatory approval.

Pharmaceutical development has inherent risk. We and our subsidiaries will be required to demonstrate through well-controlled clinical trials that product candidates are effective with a favorable benefit-risk profile for use in their target indications before seeking regulatory approvals for their commercial sale. Success in early clinical trials does not mean that later clinical trials will be successful as product candidates in later-stage clinical trials may fail to demonstrate sufficient safety or efficacy despite having progressed through initial clinical testing. Also, we or our subsidiaries may need to conduct additional clinical trials that are not currently anticipated. Companies frequently suffer significant setbacks in advanced clinical trials, even after earlier clinical trials have shown promising results. As a result, product candidates we or our subsidiaries advance into clinical trials may not receive regulatory approval.

Any product candidates we or our subsidiaries advance into clinical development are subject to extensive regulation, which can be costly and time consuming, cause unanticipated delays or prevent the receipt of the required approvals to commercialize product candidates.

The clinical development, manufacturing, labeling, storage, record-keeping, advertising, promotion, import, export, marketing and distribution of any product candidate, including our product candidate, CNDO-109, and our subsidiaries' product candidates, is subject to extensive regulation by the FDA in the United States and by comparable health authorities in foreign markets. In the United States, neither we nor our subsidiaries are permitted to market our product candidates until such product candidate's Biologics License Application ("BLA") or New Drug Application is approved by the FDA. The process of obtaining approval is expensive, often takes many years and can vary substantially based upon the type, complexity and novelty of the products involved. Our development of CNDO-109, which is an individualized immunotherapy, may in particular be affected because to date the FDA has only approved one individualized immunotherapy treatment. Our subsidiaries' development of individualized immunotherapies, if any, will face similar challenges. In addition to the significant clinical testing requirements, our and our subsidiaries' ability to obtain marketing approval for product candidates depends on obtaining the final results of required non-clinical testing, including characterization of the manufactured components of our product candidates and validation of our and our subsidiaries' manufacturing processes. The FDA may determine that our or our subsidiaries' product manufacturing processes, testing procedures or facilities are insufficient to justify approval. Approval policies or regulations may change and the FDA has substantial discretion in the pharmaceutical approval process, including the ability to delay, limit or deny approval of a product candidate for many reasons. Despite the time and expense invested in clinical development of product candidates, regulatory approval is never guaranteed.

The FDA and other regulatory agencies can delay, limit or deny approval of a product candidate for many reasons, including, but not limited to:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials or those of our subsidiaries;
- our or our subsidiaries' inability to demonstrate to the satisfaction of the FDA that a product candidate is safe and effective for any indication;
- the FDA may not accept clinical data from trials which are conducted by individual investigators or in countries where the standard of care is potentially different from that of the United States;
- the results of clinical trials may not meet the level of statistical significance required by the FDA for approval;
- the FDA may disagree with the interpretation of data from preclinical studies or clinical trials;
- the FDA may fail to approve the manufacturing processes or facilities or those of third-party manufacturers with which we, or our subsidiaries or our respective collaborators contract for clinical and commercial supplies; or
- the approval policies or regulations of the FDA may significantly change in a manner rendering the clinical data insufficient for approval.

With respect to foreign markets, approval procedures vary among countries and, in addition to the aforementioned risks, can involve additional product testing, administrative review periods and agreements with pricing authorities. In addition, recent events raising questions about the safety of certain marketed pharmaceuticals may result in increased cautiousness by the FDA and comparable foreign regulatory authorities in reviewing new pharmaceuticals based on safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals. Any delay in obtaining, or inability to obtain, applicable regulatory approvals would prevent us or our subsidiaries from commercializing our product candidates.

Any product candidate we or our subsidiaries advance into clinical trials may cause unacceptable adverse events or have other properties that may delay or prevent their regulatory approval or commercialization or limit their commercial potential.

Unacceptable adverse events caused by any of our or our subsidiaries' product candidates that we advance into clinical trials could cause regulatory authorities to interrupt, delay or stop clinical trials and could result in the denial of regulatory approval by the FDA or other regulatory authorities for any or all targeted indications and markets. This, in turn, could prevent us or our subsidiaries from commercializing the affected product candidate and generating revenues from its sale. For example, in Phase 1/2 oncology trials, dose limiting toxicity ("DLT") stopping rules are commonly applied. Our CNDO-109 Phase 1/2 trial is subject to a set of DLTs that could suspend or stop dose escalation by predetermined criteria, including allergic reactions, prolonged aplasia or other organ toxicities of a serious nature.

Neither we nor all of our subsidiaries have completed testing of all our product candidates for the treatment of the indications for which we intend to seek product approval in humans, and we currently do not know the extent of adverse events, if any, that will be observed in patients who receive any of our or our subsidiaries' product candidates. If any of our or our subsidiaries' product candidates cause unacceptable adverse events in clinical trials, neither we nor our subsidiaries may be able to obtain regulatory approval or commercialize such products or, if such product candidates are approved for marketing, future adverse events could cause us or our subsidiaries to withdraw such products from the market.

Delays in the commencement of our clinical trials could result in increased costs and delay our or our subsidiaries' ability to pursue regulatory approval.

The commencement of clinical trials can be delayed for a variety of reasons, including delays in:

- obtaining regulatory clearance to commence a clinical trial;
- identifying, recruiting and training suitable clinical investigators;
- reaching agreement on acceptable terms with prospective clinical research organizations ("CROs") and trial sites, the terms of which can be subject to extensive negotiation, may be subject to modification from time to time and may vary significantly among different CROs and trial sites;
- obtaining sufficient quantities of a product candidate for use in clinical trials;
- obtaining Institutional Review Board ("IRB") or ethics committee approval to conduct a clinical trial at a prospective site;
- identifying, recruiting and enrolling patients to participate in a clinical trial;
- retaining patients who have initiated a clinical trial but may withdraw due to adverse events from the therapy, insufficient efficacy, fatigue with the clinical trial process or personal issues; and

Any delays in the commencement of our or our subsidiaries' clinical trials will delay our or our subsidiaries' ability to pursue regulatory approval for product candidates. In addition, many of the factors that cause, or lead to, a delay in the commencement of clinical trials may also ultimately lead to the denial of regulatory approval of a product candidate.

Suspensions or delays in the completion of clinical testing could result in increased costs and delay or prevent our or our subsidiaries' ability to complete development of that product or generate product revenues.

Once a clinical trial has begun, patient recruitment and enrollment may be slower than we anticipate. Clinical trials may also be delayed as a result of ambiguous or negative interim results or difficulties in obtaining sufficient quantities of product manufactured in accordance with regulatory requirements and on a timely basis. Further, a clinical trial may be modified, suspended or terminated by us or our subsidiaries, an IRB, an ethics committee or a data safety monitoring committee overseeing the clinical trial, any clinical trial site with respect to that site, or the FDA or other regulatory authorities due to a number of factors, including:

- failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols;
- inspection of the clinical trial operations or clinical trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold;
- stopping rules contained in the protocol;
- unforeseen safety issues or any determination that the clinical trial presents unacceptable health risks; and
- lack of adequate funding to continue the clinical trial.

Changes in regulatory requirements and guidance also may occur and we or our subsidiaries may need to amend clinical trial protocols to reflect these changes. Amendments may require us or our subsidiaries to resubmit clinical trial protocols to IRBs for re-examination, which may in turn impact the costs and timing of, and the likelihood of successfully completing, a clinical trial. If we or our subsidiaries experience delays in the completion of, or if we must suspend or terminate, any clinical trial of any product candidate, our ability to obtain regulatory approval for that product candidate will be delayed and the commercial prospects, if any, for the product candidate may suffer as a result. In addition, many of these factors may also ultimately lead to the denial of regulatory approval of a product candidate.

Even if approved, any product candidates that we or our subsidiaries may develop and market may be later withdrawn from the market or subject to promotional limitations.

Neither we nor our subsidiaries may be able to obtain the labeling claims necessary or desirable for the promotion of our product candidates if approved. We and our subsidiaries may also be required to undertake post-marketing clinical trials. If the results of such post-marketing studies are not satisfactory or if adverse events or other safety issues arise after approval, the FDA or a comparable regulatory agency in another country may withdraw marketing authorization or may condition continued marketing on commitments from us or our subsidiaries that may be expensive and/or time consuming to complete. In addition, if we or others identify adverse side effects after any of our or our subsidiaries' products are on the market, or if manufacturing problems occur, regulatory approval may be withdrawn and reformulation of our or our subsidiaries' products, additional clinical trials, changes in labeling of our or our subsidiaries' products and additional marketing applications may be required. Any reformulation or labeling changes may limit the marketability of such products if approved.

We and our subsidiaries currently rely on third parties to manufacture our preclinical and clinical pharmaceutical supplies and expect to continue to rely on them and other contractors to produce commercial supplies of our products, and our dependence on third-party suppliers could adversely impact our business.

We depend on third party manufacturers for product supply. If our or our subsidiaries' contract manufacturers cannot successfully manufacture material that conforms to our specifications and with FDA regulatory requirements, we will not be able to secure and/or maintain FDA approval for those products. Our and our subsidiaries' third-party suppliers will be required to maintain compliance with cGMPs and will be subject to inspections by the FDA and comparable agencies in other jurisdictions to confirm such compliance. In the event that the FDA or such other agencies determine that our third-party suppliers have not complied with cGMP, the relevant clinical trials could be terminated or subjected to a clinical hold until such time as we are able to obtain appropriate replacement material. Any delay, interruption or other issues that arise in the manufacture, packaging, or storage of our products as a result of a failure of the facilities or operations of our third-party suppliers to pass any regulatory agency inspection could significantly impair our ability to develop and commercialize our and our subsidiaries' products.

We and our subsidiaries also rely on our manufacturers to purchase from third-party suppliers the materials necessary to produce product candidates for anticipated clinical trials. There are a small number of suppliers for certain capital equipment and raw materials that are used to manufacture those products. We do not have any control over the process or timing of the acquisition of these raw materials by our manufacturers. Moreover, we currently do not have any agreements for the commercial production of these raw materials. Any significant delay in the supply the raw material components for an ongoing clinical trial could considerably delay completion of our clinical trials, product testing and potential regulatory approval.

We do not expect to have the resources or capacity to commercially manufacture our and our subsidiaries' products, if approved, and will likely continue to be dependent upon third-party manufacturers. Our dependence on third parties to manufacture and supply clinical trial materials and any approved products may adversely affect our and our subsidiaries' ability to develop and commercialize products on a timely basis or at all.

We and our subsidiaries rely on third parties to conduct clinical trials. If these third parties do not meet agreed upon deadlines or otherwise conduct the trials as required, our or our subsidiaries' clinical development programs could be delayed or unsuccessful and neither we nor our subsidiaries may be able to obtain regulatory approval for or commercialize our product candidates when expected or at all.

Neither we nor our subsidiaries have the ability to conduct all aspects of our preclinical testing or clinical trials ourselves. We and our subsidiaries intend to and do use CROs to conduct planned clinical trials and will and do rely upon such CROs, as well as medical institutions, clinical investigators and consultants, to conduct our trials in accordance with specified clinical protocols. These CROs, investigators and other third parties will and do play a significant role in the conduct of our and our subsidiaries' trials and the subsequent collection and analysis of data from the clinical trials.

There is no guarantee that any CROs, investigators and other third parties upon which we and our subsidiaries rely for administration and conduct of our clinical trials will devote adequate time and resources to such trials or perform as contractually required. If any of these third parties fail to meet expected deadlines, fail to adhere to our clinical protocols or otherwise perform in a substandard manner, our or our subsidiaries' clinical trials may be extended delayed or terminated. If any of the clinical trial sites terminate for any reason, we or our subsidiaries may lose follow-up information on patients enrolled in our ongoing clinical trials unless the care of those patients is transferred to another qualified clinical trial site. In addition, principal investigators for our and our subsidiaries' clinical trials may serve as scientific advisers or consultants to us from time to time and receive cash or equity compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, the integrity of the data generated at the applicable clinical trial site may be jeopardized.

If our competitors develop treatments for any of the target indications of our or our subsidiaries' product candidates that are approved more quickly, marketed more successfully or demonstrated to be more effective, the commercial opportunity with respect to that product candidate will be reduced or eliminated.

We and our subsidiaries operate in highly competitive segments of the biotechnology and biopharmaceutical markets and face competition from many different sources, including commercial pharmaceutical and biotechnology enterprises, academic institutions, government agencies, and private and public research institutions. Our and our subsidiaries' product candidates, if successfully developed and approved, will compete with established therapies, as well as new treatments that may be introduced by our competitors. Many of our and our subsidiaries' competitors have significantly greater financial, product development, manufacturing and marketing resources than us. Large pharmaceutical companies have extensive experience in clinical testing and obtaining regulatory approval for drugs. In addition, many universities and private and public research institutes are active in cancer research, some in direct competition with us. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. New developments, including the development of other biological and pharmaceutical technologies and methods of treating disease, occur in the pharmaceutical and life sciences industries at a rapid pace. Developments by competitors may render our and our subsidiaries' product candidates obsolete or noncompetitive. We and our subsidiaries will also face competition from these third parties in establishing clinical trial sites and patient registration for clinical trials and in identifying and in-licensing new product candidates.

If we or our subsidiaries are unable to establish sales and marketing capabilities or fail to enter into agreements with third parties to market, distribute and sell products that may be successfully developed, neither we nor our subsidiaries may be able to effectively market and sell products and generate product revenue.

Neither we nor our subsidiaries (other than Journey Medical Corporation) currently have the infrastructure for the sales, marketing and distribution of any of our product candidates, and we and our subsidiaries must build this infrastructure or make arrangements with third parties to perform these functions in order to commercialize any products that we may successfully develop. The establishment and development of a sales force, either by us, any of our subsidiaries or jointly with a partner, or the establishment of a contract sales force to market any products we or our subsidiaries may develop will be expensive and time-consuming and could delay any product launch. If we, our subsidiaries, or our respective partners, are unable to establish sales and marketing capability or any other non-technical capabilities necessary to commercialize any products that may be successfully developed, we or our subsidiaries will need to contract with third parties to market and sell such products. We or our subsidiaries may not be able to establish arrangements with third parties on acceptable terms, or at all.

If any of our or our subsidiaries' product candidates that are successfully developed do not achieve broad market acceptance among physicians, patients, healthcare payors and the medical community, the revenues that any such product candidates generate from sales will be limited.

Even if our or our subsidiaries' product candidates receive regulatory approval, they may not gain market acceptance among physicians, patients, healthcare payors and the medical community. Coverage and reimbursement of our or our subsidiaries' product candidates by third-party payors, including government payors, generally is also necessary for commercial success. The degree of market acceptance of any approved products will depend on a number of factors, including:

- the efficacy and safety as demonstrated in clinical trials;
- the clinical indications for which the product is approved;
- acceptance by physicians, major operators of hospitals and clinics and patients of the product as a safe and effective treatment;
- acceptance of the product by the target population;
- the potential and perceived advantages of product candidates over alternative treatments;
- the safety of product candidates seen in a broader patient group, including its use outside the approved indications;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate reimbursement and pricing by third parties and government authorities;

- relative convenience and ease of administration;
- the prevalence and severity of adverse events;
- the effectiveness of our sales and marketing efforts; and
- unfavorable publicity relating to the product.

If any product candidate is approved but does not achieve an adequate level of acceptance by physicians, hospitals, healthcare payors and patients, we or our subsidiaries may not generate sufficient revenue from these products and in turn we may not become or remain profitable.

We or our subsidiaries may incur substantial product liability or indemnification claims relating to the clinical testing of product candidates.

We and our subsidiaries face an inherent risk of product liability exposure related to the testing of product candidates in human clinical trials, and claims could be brought against us if use or misuse of one of our or our subsidiaries' product candidates causes, or merely appears to have caused, personal injury or death. While we and our subsidiaries have and/or intend to maintain product liability insurance relating to clinical trials, that coverage may not be sufficient to cover potential claims and we or our subsidiaries may be unable to maintain such insurance. Any claims against us or our subsidiaries, regardless of their merit, could severely harm our or our subsidiaries' financial condition, strain management and other resources or destroy the prospects for commercialization of the product which is the subject of any such claim. We are unable to predict if we or our subsidiaries will be able to obtain or maintain product liability insurance for any products that may be approved for marketing. Additionally, we and our subsidiaries have entered into various agreements where we indemnify third parties for certain claims relating to product candidates. These indemnification obligations may require us or our subsidiaries to pay significant sums of money for claims that are covered by these indemnifications.

Healthcare reform and restrictions on reimbursements may limit our financial returns.

Our ability and the ability of our subsidiaries and all of our respective collaborators to commercialize product candidates that are successfully developed may depend, in part, on the extent to which government health administration authorities, private health insurers and other organizations will reimburse consumers for the cost of these products. These third parties are increasingly challenging both the need for and the price of new drug products. Significant uncertainty exists as to the reimbursement status of newly approved therapeutics. Adequate third-party reimbursement may not be available for our or our subsidiaries' product candidates, which would prevent those product candidates from selling at price levels sufficient to realize an appropriate return on investments in research and product development.

We and our subsidiaries use biological materials and may use hazardous materials, and any claims relating to improper handling, storage or disposal of these materials could be time consuming and costly.

We and our subsidiaries may use hazardous materials, including chemicals and biological agents and compounds that could be dangerous to human health and safety or the environment. Our and our subsidiaries' operations may also produce hazardous waste products. Federal, state and local laws and regulations govern the use, generation, manufacture, storage, handling and disposal of these materials and wastes. Compliance with applicable environmental laws and regulations may be expensive, and current or future environmental laws and regulations may impair our product development efforts. In addition, neither we nor our subsidiaries can entirely eliminate the risk of accidental injury or contamination from these materials or wastes. Neither we nor our subsidiaries carry specific biological or hazardous waste insurance coverage and our property and casualty and general liability insurance policies specifically exclude coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Accordingly, in the event of contamination or injury, we or any of our subsidiaries could be held liable for damages or penalized with fines in an amount exceeding our respective resources, and clinical trials or regulatory approvals could be suspended.

Although we maintain workers' compensation insurance to cover costs and expenses incurred due to injuries to our and our subsidiaries' employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. Neither we nor our subsidiaries maintain insurance for environmental liability or toxic tort claims that may be asserted in connection with the storage or disposal of biological or hazardous materials.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Our success depends upon our and our subsidiaries' ability to obtain and maintain intellectual property rights and take advantage of certain regulatory market exclusivity periods.

Our success depends, in large part, on our and our subsidiaries' ability to obtain patent protection for product candidates and their formulations and uses. The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that we, our subsidiaries, or our respective partners will be successful by obtaining patents. These risks and uncertainties include the following:

- patent applications may not result in any patents being issued;
- our and our subsidiaries' competitors, many of which have substantially greater resources than us, our subsidiaries, or our partners, and many of which have made significant investments in competing technologies, may seek, or may already have obtained, patents that may limit or interfere with our or our subsidiaries' ability to make, use, and sell potential product candidates;
- there may be significant pressure on the U.S. government and other international governmental bodies to limit the scope of patent protection both inside and outside the United States for disease treatments that prove successful as a matter of public policy regarding worldwide health concerns; and
- countries other than the United States may have patent laws less favorable to patentees than those upheld by U.S. courts, allowing foreign competitors a better opportunity to create, develop and market competing products.

In addition, patents that may be issued or in-licensed may be challenged, invalidated, modified, revoked, circumvented, found to be unenforceable, or otherwise may not provide any competitive advantage. Third parties are often responsible for maintaining patent protection for our product candidates and those of our subsidiaries. For example, UCLB is responsible for prosecuting and maintaining patent protection for CNDO-109, at our expense for our territories. If UCLB fails to appropriately prosecute and maintain patent protection for this product candidate, our ability to develop and commercialize CNDO-109 may be adversely affected and we may not be able to prevent competitors from making, using and selling competing products. This failure to properly protect intellectual property rights relating to any of our or our subsidiaries' product candidates could have a material adverse effect on our financial condition and results of operations.

In addition, U.S. patent laws may change, which could prevent or limit us or our subsidiaries from filing patent applications or patent claims to protect products and/or technologies or limit the exclusivity periods that are available to patent holders. For example, on September 16, 2011, the Leahy-Smith America Invents Act (the "Leahy-Smith Act"), was signed into law, and includes a number of significant changes to U.S. patent law. These include changes to transition from a "first-to-invent" system to a "first-to-file" system and to the way issued patents are challenged. These changes may favor larger and more established companies that have more resources to devote to patent application filing and prosecution. The PTO implemented the America Invents Act on March 16, 2013, and it remains to be seen how the judicial system and the PTO will interpret and enforce these new laws. Accordingly, it is not clear how the Leahy-Smith Act will affect the cost to prosecute patent applications, the ability to obtain patents based on discoveries or the ability to enforce or defend issued patents, all of which issues would materially impact us.

We and our subsidiaries and our respective partners also rely on trade secrets and proprietary know-how to protect product candidates. Although we have taken steps to protect our and our subsidiaries' trade secrets and unpatented know-how, including entering into confidentiality agreements with third parties, and confidential information and inventions agreements with employees, consultants and advisers, third parties may still obtain this information or come upon this same or similar information independently.

We also may rely on the regulatory period of market exclusivity for any of our or our subsidiaries' biologic product candidates that are successfully developed and approved for commercialization. Although this period in the United States is currently 12 years from the date of marketing approval, there is a risk that the U.S. Congress could amend laws to significantly shorten this exclusivity period, as proposed by President Obama. Once any regulatory period of exclusivity expires, depending on the status of our and our subsidiaries' patent coverage and the nature of the product, we may not be able to prevent others from marketing products that are biosimilar to or interchangeable with our or our subsidiaries' products, which would materially adversely affect us.

If we, our subsidiaries or our respective partners are sued for infringing intellectual property rights of third parties, it will be costly and time consuming, and an unfavorable outcome in that litigation would have a material adverse effect on our business.

Our success also depends on our ability, our subsidiaries' ability and the ability of any of our respective current or future collaborators to develop, manufacture, market and sell product candidates without infringing the proprietary rights of third parties. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we and our subsidiaries are developing products, some of which may be directed at claims that overlap with the subject matter of our or our subsidiaries' intellectual property. Because patent applications can take many years to issue, there may be currently pending applications, unknown to us, which may later result in issued patents that our or our subsidiaries' product candidates or proprietary technologies may infringe. Similarly, there may be issued patents relevant to our or our subsidiaries' product candidates of which we are not aware.

There is a substantial amount of litigation involving patent and other intellectual property rights in the biotechnology and biopharmaceutical industries generally. If a third party claims that we, our subsidiaries or any of our respective licensors, suppliers or collaborators infringe the third party's intellectual property rights, we or our subsidiaries may have to:

- obtain licenses, which may not be available on commercially reasonable terms, if at all;
- abandon an infringing product candidate or redesign products or processes to avoid infringement;
- pay substantial damages, including the possibility of treble damages and attorneys' fees, if a court decides that the product or proprietary technology at issue infringes on or violates the third party's rights;
- pay substantial royalties, fees and/or grant cross-licenses to product candidates; and/or
- defend litigation or administrative proceedings which may be costly regardless of outcome, and which could result in a substantial diversion of financial and management resources.

We or our subsidiaries may be involved in lawsuits to protect or enforce patents or the patents of licensors, which could be expensive, time consuming and unsuccessful.

Competitors may infringe our or our subsidiaries' patents or the patents of our respective licensors. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming. An adverse result in any litigation or defense proceedings could put one or more of our or our subsidiaries' patents at risk of being invalidated, found to be unenforceable, or interpreted narrowly and could likewise put patent applications at risk of not issuing. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our or our subsidiaries' confidential information could be compromised by disclosure during this type of litigation.

We or our subsidiaries may be subject to claims that our or our subsidiaries' consultants or independent contractors have wrongfully used or disclosed to us or our subsidiaries alleged trade secrets of their other clients or former employers.

As is common in the pharmaceutical and biotechnology industry, we and our subsidiaries engage the services of consultants to assist in the development of product candidates. Many of these consultants were previously employed at, or may have previously been or are currently providing consulting services to, other biotechnology or pharmaceutical companies, including our and our subsidiaries' competitors or potential competitors. We or our subsidiaries may become subject to claims related to whether these consultants have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers or their former or current customers. Litigation may be necessary to defend against these claims. Even if we or our subsidiaries are successful in defending these claims, litigation could result in substantial costs and be a distraction to management.

Any product for which we or our subsidiaries obtain marketing approval could be subject to restrictions or withdrawal from the market and we or our subsidiaries may be subject to penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with products, when and if any of them are approved.

Any product for which we or our subsidiaries obtain marketing approval, along with the manufacturing processes and facilities, post-approval clinical data, labeling, advertising and promotional activities for such product, will be subject to continual requirements of and review by the FDA and comparable regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration requirements, cGMP requirements relating to quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping. Even if we or our subsidiaries obtain regulatory approval of a product, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. We or our subsidiaries also may be subject to state laws and registration requirements covering the distribution of products. Later discovery of previously unknown problems with products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in actions such as:

- restrictions on such products, manufacturers or manufacturing processes;
- warning letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we or our subsidiaries submit;
- voluntary or mandatory recall;
- fines;
- suspension or withdrawal of regulatory approvals or refusal to approve pending applications or supplements to approved applications that we or our subsidiaries submit;
- refusal to permit the import or export of products;
- product seizure or detentions;
- injunctions or the imposition of civil or criminal penalties; and
- adverse publicity.

If we, our subsidiaries or our respective suppliers, third-party contractors, clinical investigators or collaborators are slow to adapt, or are unable to adapt, to changes in existing regulatory requirements or adoption of new regulatory requirements or policies, we, our subsidiaries, or our respective collaborators may lose marketing approval for products when and if any of them are approved, resulting in decreased revenue from milestones, product sales or royalties.

Risks Relating to our Finances, Capital Requirements and Other Financial Matters

We are an early-stage company with a history of operating losses that is expected to continue and we are unable to predict the extent of future losses, whether we will generate significant or any revenues or whether we will achieve or sustain profitability.

We are an early-stage company and our prospects must be considered in light of the uncertainties, risks, expenses and difficulties frequently encountered by companies in their early stages of operations. We continue to generate operating losses in all periods including losses from operations of approximately $35.8 million, $20.7 million and $50.5 million for the years ended December 31, 2013, 2014 and 2015, respectively. At December 31, 2015, we had an accumulated deficit of approximately $190.2 million. We expect to make substantial expenditures and incur increasing operating costs and interest expense in the future and our accumulated deficit will increase significantly as we expand development and clinical trial activities for our product candidates and finance investments in our existing and new subsidiaries in accordance with our growth strategy. Our losses have had, and are expected to continue to have, an adverse impact on our working capital, total assets and stockholders' equity. Because of the risks and uncertainties associated with product development and our investments in our subsidiaries, we are unable to predict the extent of any future losses, whether we will ever generate significant or any revenues or if we will ever achieve or sustain profitability.

At December 31, 2015, the amount of debt outstanding under our promissory note in favor of Israel Discount Bank of New York ("IDB") was $14.0 million. The loan is collateralized by a security interest, a general lien upon, and right of set off against, our money market account of $15.0 million. If we default on our obligations, IDB may declare the loan immediately payable together with accrued interest and exercise its right to set-off. If an event of default occurs, we may not be able to cure it within any applicable cure period, if at all. If the maturity of our indebtedness is accelerated, we may not have sufficient funds available for repayment or we may not have the ability to borrow or obtain sufficient funds to replace the accelerated indebtedness on terms acceptable to us, or at all. In addition, the promissory note with IDB may limit our ability to finance future operations or satisfy capital needs or to engage in, expand or pursue our business activities. It may also prevent us from engaging in activities that could be beneficial to our business and our stockholders unless we repay the outstanding debt, which may not be desirable or possible.

We may need substantial additional funding and may be unable to raise capital when needed, which may force us to delay, curtail or eliminate one or more of our R&D programs and commercialization efforts and potentially change our growth strategy.

Our operations have consumed substantial amounts of cash since inception. During the years ended December 31, 2013, 2014 and 2015 we incurred R&D expenses of approximately $25.7 million, $10.2 million and $29.8 million, respectively. We expect to continue to spend significant amounts on our growth strategy. We believe that our cash and cash equivalents as of December 31, 2015, will enable us to continue to fund operations in the normal course of business for at least the next 12 months. In addition, in February 2015, we raised $10.0 million in a private placement of a promissory note to NSC Biotech Venture Fund I LLC. However, until such time, if ever, as we can generate a sufficient amount of product revenue and achieve profitability, we expect to seek to finance potential, longer-term cash needs. Our ability to obtain additional funding when needed, changes to our operating plans, our existing and anticipated working capital needs, the acceleration or modification of our planned R&D activities, expenditures and growth strategy, increased expenses or other events may affect our need for additional capital in the future and require us to seek additional funding sooner than anticipated. In addition, if we are unable to raise additional capital when needed, we might have to delay, curtail or eliminate one or more of our R&D programs and commercialization efforts and potentially change our growth strategy.

Raising additional funds by issuing securities or through licensing or lending arrangements may cause dilution to our existing stockholders, restrict our operations or require us to relinquish proprietary rights.

To the extent that we raise additional capital by issuing equity securities, the share ownership of existing stockholders will be diluted. Any future debt financing may involve covenants that restrict our operations, including limitations on our ability to incur liens or additional debt, pay dividends, redeem our stock, make certain investments and engage in certain merger, consolidation or asset sale transactions, among other restrictions. In addition, if we raise additional funds through licensing arrangements, it may be necessary to relinquish potentially valuable rights to our or our subsidiaries' product candidates, or grant licenses on terms that are not favorable to us.

If we fail to maintain proper and effective internal control over financial reporting in the future, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, investors' views of us and, as a result, the value of our Common Stock.

Pursuant to Section 404 of the Sarbanes Oxley Act of 2002 and related rules, our management is required to report on, and our independent registered public accounting firm is required to attest to, the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. To comply with the requirements of being a reporting company under the Exchange Act, we may need to further upgrade our systems, including information technology, implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff. If material weaknesses or deficiencies in our internal controls exist and go undetected, our financial statements could contain material misstatements that, when discovered in the future could cause us to fail to meet our future reporting obligations and cause the price of our Common Stock to decline.

Risks Associated with our Capital Stock

Some of our executives, directors and principal stockholders can control our direction and policies, and their interests may be adverse to the interests of our other stockholders.

At December 31, 2015, Lindsay A. Rosenwald, M.D., our Chairman, President and Chief Executive Officer, beneficially owned 12.2% of our issued and outstanding capital stock. At December 31, 2015, Michael S. Weiss, our Executive Vice Chairman, Strategic Development, beneficially owned 14.8% of our issued and outstanding capital stock. By virtue of their holdings and membership on our Board of Directors, Dr. Rosenwald and Mr. Weiss may individually influence our management and our affairs and may make it difficult for us to consummate corporate transactions such as mergers, consolidations or the sale of all or substantially all of our assets that may be favorable from our standpoint or that of our other stockholders.

In addition, several of our directors may influence the election of members to our Board of Directors. On February 20, 2014, Drs. Harvey, Rosenwald and Rowinsky and Messrs. Klein, Lobell and Weiss, entered into a Shareholders' Agreement, pursuant to which they agreed that, until the end of our annual meeting held in calendar year 2016 and so long as Dr. Rosenwald and Mr. Weiss are on the proposed slate of directors to be nominated, they each will vote all of their shares of our Common Stock in favor of electing those individuals, and only those individuals, to our Board of Directors whom our Nominating and Corporate Governance Committee proposes. Until that time, they also agreed to not publicly or otherwise advocate for or encourage in any way (outside of fulfilling their director duties) the election of any individual to our Board of Directors whom is not proposed by our Nominating and Corporate Governance Committee.

The market price of our Common Stock may be volatile and may fluctuate in a way that is disproportionate to our operating performance.

Our stock price may experience substantial volatility as a result of a number of factors, including:

- announcements we make regarding our or our subsidiaries' current product candidates, the acquisition of potential new product candidates and/or in-licensing through multiple subsidiaries;
- sales or potential sales of substantial amounts of our Common Stock;
- our or our subsidiaries' delay or failure in initiating or completing pre-clinical or clinical trials or unsatisfactory results of any of these trials;
- announcements about us, our subsidiaries or about our competitors, including clinical trial results, regulatory approvals or new product introductions;
- developments concerning our or our subsidiaries' licensors and/or product manufacturers;
- litigation and other developments relating to our or our subsidiaries' patents or other proprietary rights or those of our competitors;
- conditions in the pharmaceutical or biotechnology industries;
- governmental regulation and legislation;
- variations in our anticipated or actual operating results; and
- change in securities analysts' estimates of our performance, or our failure to meet analysts' expectations.

Many of these factors are beyond our control. The stock markets in general, and the market for pharmaceutical and biotechnological companies in particular, have historically experienced extreme price and volume fluctuations. These fluctuations often have been unrelated or disproportionate to the operating performance of these companies. These broad market and industry factors could reduce the market price of our Common Stock, regardless of our actual operating performance.

Sales of a substantial number of shares of our Common Stock, or the perception that such sales may occur, may adversely impact the price of our Common Stock.

Almost all of the 47.1 million outstanding shares of our Common Stock as of December 31, 2015, are available for sale in the public market, either pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), or an effective registration statement. In addition, in July 2013, we filed a shelf registration statement on Form S-3, which was declared effective on August 19, 2013. Under the 2013 Form S-3 and an amended At-Market Issuance Sales Agreement entered into with MLV LLC in connection therewith (the "2013 ATM"), we may offer and sell shares of our Common Stock having an aggregate offering price of up to $70.0 million. As of December 31, 2015, approximately $54 million remains available for issuance under the 2013 ATM.

We have never paid and do not intend to pay cash dividends. As a result, capital appreciation, if any, will be your sole source of gain.

We have never paid cash dividends on any of our capital stock and we currently intend to retain future earnings, if any, to fund the development and growth of our business. In addition, the terms of existing and future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our Common Stock will be your sole source of gain for the foreseeable future.

Provisions in our certificate of incorporation, our bylaws and Delaware law might discourage, delay or prevent a change in control of our Company or changes in our management and, therefore, depress the trading price of our Common Stock.

Provisions of our certificate of incorporation, our bylaws and Delaware law may have the effect of deterring unsolicited takeovers or delaying or preventing a change in control of our Company or changes in our management, including transactions in which our stockholders might otherwise receive a premium for their shares over then-current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interests. These provisions include:

- the inability of stockholders to call special meetings; and

- the ability of our Board of Directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could include the right to approve an acquisition or other change in our control or could be used to institute a rights plan, also known as a poison pill, that would work to dilute the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our Board of Directors.

In addition, the Delaware General Corporation Law prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years, has owned 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our Common Stock. They could also deter potential acquirers of our Company, thereby reducing the likelihood that you could receive a premium for your Common Stock in an acquisition.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

In July 2012, we executed a five-year lease for offices at 24 New England Executive Park, Suite 105, Burlington, MA 01803. On December 31, 2014, we exercised an option to terminate this lease early. Total rent expense for the reduced lease term, including the termination fee of $81,600, amounted to approximately $365,000.

In December 2012, we assumed a lease from TSO Laboratories, Inc., a wholly owned subsidiary of Ovamed GmbH, for approximately 8,700 square feet of space in Woburn, MA for the purpose of establishing a manufacturing facility for TSO. Total rent expense for the lease term is approximately $590,000. Annual rental payment is approximately $118,000. We intend to sublet this space.

In April 2013, we entered into a three-year lease for approximately 1,500 square feet of office space in New York, NY at an average annual rent of approximately $122,000. Total rent expense for the term of this lease will be approximately $366,000. We commenced occupancy of this space in May 2013. In March 2014, we closed the New York, NY office and entered into a sub-lease with a third party to occupy the space conterminously with our lease agreement. In November 2014, our sub-tenant vacated the space. As a result, we commenced activities to sub-lease this facility.

On October 3, 2014, we entered into a 15-year lease for office space at 2 Gaansevoort Street, New York, NY 10014, at an average annual rent of $2.7 million. We took possession of this space in December 2015, which will constitute our principal executive offices upon occupancy in the first half of 2016. Total rent expense for this space will approximate $40.7 million. In conjunction with the lease, we entered into Desk Space Agreements with two related parties: OPPM and TGTX, to occupy 20% and 40%, respectively, of the office space that requires them to pay their share of the average annual rent of $0.5 million and $1.1 million, respectively. The total net rent expense to us will approximate $16.3 million over the lease term. These initial rent allocations will be adjusted periodically for each party based upon actual percentage of the office space occupied. Additionally, we have reserved the right to execute desk space agreements with other third parties and those arrangements will also affect the cost of the lease actually borne by us.

In November 2014, JMC entered into a two-year lease for 2,295 square feet of office space in Scottsdale, AZ, at an average annual rent of approximately $39,000. Total rent expense for the term of this lease will approximate $78,000. JMC took occupancy of this space in November 2014.

In October 2015, we entered into a 5-year lease for approximately 6,100 square feet of office space in Waltham, MA at an average annual rent of approximately $214,000. We took occupancy of this space in January 2016.

Item 3. Legal Proceedings.

We are not involved in any litigation that we believe could have a material adverse effect on our financial position or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of our executive officers, threatened against or affecting our Company, our Company's properties or our officers or directors in their capacities as such.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information for Common Stock

On November 17, 2011, we became a public company. Our Common Stock is listed for trading on the NASDAQ Capital Market under the symbol "FBIO". The following table sets forth the high and low intraday sales prices of our Common Stock for each full quarterly period within the two most recent fiscal years.

	2015		2014	
	High	Low	High	Low
First quarter	$ 4.28	$ 2.09	$ 3.17	$ 1.95
Second quarter	$ 4.44	$ 2.84	$ 2.02	$ 1.55
Third quarter	$ 3.81	$ 2.27	$ 2.16	$ 1.48
Fourth quarter	$ 3.19	$ 2.36	$ 2.53	$ 1.52

Holders of Record

As of March 15, 2016, there were approximately 748 holders of record of our Common Stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders who shares may be held in trust by other entities.

Repurchases

None.

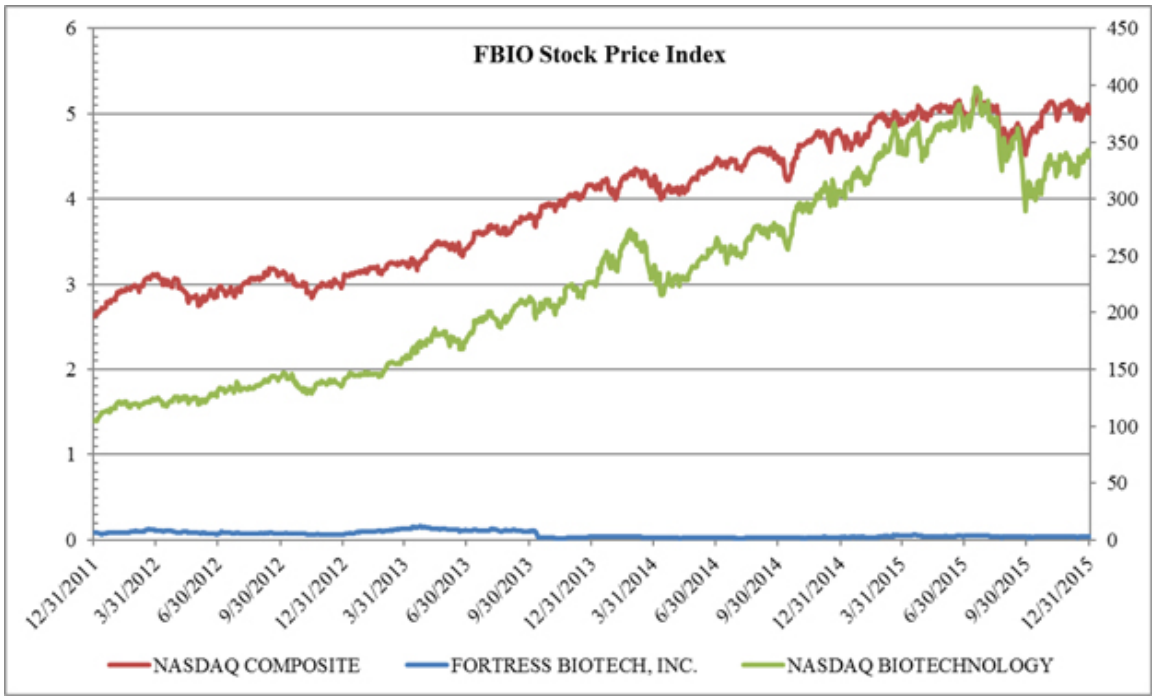
Dividends

We have never paid cash dividends and currently intend to retain our future earnings, if any, to fund the development and growth of our business.

Stock Performance Graph

The following shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or incorporated by reference into any of our other filings under the Exchange Act or the Securities Act of 1933, as amended, except to the extent we specifically incorporate it by reference into such filing.

This graph compares the cumulative total return on our Common Stock with that of the NASDAQ Composite and the NASDAQ Biotechnology index. This chart adjusts prices for stock splits and assumes the reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



Notes:
(1) The graph is indexed based on the stock price on November 30, 2011.

Sales of Unregistered Securities

During 2015, we did not issue any equity securities that were not registered under the Securities Act, or that were not previously reported in a Quarterly Report on Form 10-Q or Current Report on Form 8-K of the Company.

Equity Compensation Plans

The information required by Item 5 of Form 10-K regarding equity compensation plans is incorporated herein by reference to “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters”.

Item 6. Selected Consolidated Financial Data.

As part of our growth strategy, we continue to leverage our substantial biopharmaceutical business, financial and drug development expertise to invest in the acquisition, development and commercialization of novel pharmaceutical and other biomedical products. We are employing a variety of approaches and corporate structures to acquire rights to and finance a diverse portfolio of innovative pharmaceutical and biotechnology products, technologies and companies. These may include licensing, partnerships, joint ventures, and private or public spin-outs. We believe these activities will diversify our product development and, over time, may enhance shareholder value through potential royalty, milestone and equity payments, fees as well as potential product revenues. As a result, the data in the following table might not be indicative of future financial conditions and/or results of operations.

	For the Years Ended December 31,				
($ in thousands, except per share amounts)	**2015**	**2014**	**2013**	**2012**	**2011**
Revenue	$ 273	$ -	$ -	$ -	$ -
Revenue - from a related party	590	-	-	-	-
Total revenue	863	-	-	-	-
Operating expenses					
Research and development	18,402	10,239	25,682	17,468	8,583
In-process research and development	-	-	-	1,043	20,706
Research and development – licenses acquired	11,408	-	-	-	-
General and administrative	21,584	10,413	10,098	8,665	5,755
Total operating expenses	51,394	20,652	35,780	27,176	35,044
Loss from operations	(50,531)	(20,652)	(35,780)	(27,176)	(35,044)
Other income (expenses)					
Interest income	245	662	545	236	165
Interest expenses	(1,484)	(1,338)	(1,923)	(670)	(74)
Warrant expense	-	-	-	-	(1,407)
Change in fair value of subsidiary's warrant liabilities	(438)	-	-	-	-
Change in fair value of investments	(1,675)	942	-	-	-
Total other income (expenses)	(3,352)	266	(1,378)	(434)	(1,316)
Net loss	**(53,883)**	**(20,386)**	**(37,158)**	**(27,610)**	**(36,360)**
Less: net loss attributable to non-controlling interest	5,455	-	-	-	-
Common Stock dividend to Series A Convertible Preferred Stockholders	-	-	-	-	(5,861)
Net loss attributable to common stockholders	**$ (48,428)**	**$ (20,386)**	**$ (37,158)**	**$ (27,610)**	**$ (42,221)**
Basic and diluted net loss per common share	$ (1.24)	$ (0.56)	$ (1.22)	$ (1.27)	$ (5.51)
Weighted average common shares outstanding—basic and diluted	39,146,589	36,323,596	30,429,743	21,654,984	7,662,984
Financial Condition:					
Cash and cash equivalents	$ 98,182	$ 49,759	$ 99,521	$ 40,199	$ 23,160
Total assets	$ 118,610	$ 89,325	$ 100,539	$ 40,929	$ 23,375
Current liabilities	$ 10,579	$ 4,077	$ 11,210	$ 5,132	$ 3,493
Long-term liabilities	$ 23,758	$ 14,725	$ 8,137	$ 13,890	$ 750
Stockholders' equity	$ 84,273	$ 70,523	$ 81,278	$ 22,033	$ 19,132

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes thereto and other financial information appearing elsewhere in this Form 10-K.

Since inception on June 28, 2006, we have been a biopharmaceutical company involved in the development of novel immunotherapy agents for the treatment of autoimmune diseases and cancer. In 2015, as part of our growth strategy, we focused on acquiring, developing and commercializing novel pharmaceutical and biotechnology products. We plan to continue to develop and commercialize products both within Fortress and our subsidiaries, which are sometimes referred to herein as the "Fortress Companies". In addition to our internal development programs, we plan to leverage our biopharmaceutical business expertise and drug development capabilities to help the Fortress Companies innovate, develop and commercialize products. Additionally, we will provide funding and management services to each of the Fortress Companies and, from time to time, we and the Fortress Companies will seek licensing, partnerships, joint ventures and/or public and private financings to accelerate and provide additional funding to support their research and development programs.

2015 Activity

Avenue Therapeutics, Inc.

In February 2015, we purchased an exclusive license to an intravenous ("IV") formulation of Tramadol for the U.S. market from Revogenex Ireland Limited ("Revogenex"). Tramadol is a centrally acting synthetic opioid analgesic for moderate to moderately severe pain and is available as immediate release or extended-release tablets in the United States. We transferred the IV Tramadol license and rights to Avenue in 2015 (see Note 6 of Notes to Consolidated Financial Statements).

Checkpoint Therapeutics, Inc.

We formed Checkpoint, an innovative, immuno-oncology biopharmaceutical company, in November 2014. In March 2015, Checkpoint licensed a portfolio of fully human immuno-oncology targeted antibodies generated in the laboratory of Dr. Wayne Marasco, M.D., Ph.D., a professor in the Department of Cancer Immunology and AIDS at the Dana-Farber Cancer Institute ("Dana-Farber"). The portfolio includes antibodies targeting programmed-death ligand 1 ("PD-L1"), glucocorticoid-induced TNFR-related protein ("GITR") and carbonic anhydrase 9 ("CAIX") (together, the "Dana-Farber Antibodies"). Checkpoint plans to develop these novel immuno-oncology and checkpoint inhibitor antibodies on their own and in combination with each other, as data suggests that combinations of these targets can work synergistically together. Additionally, effective March 2015, we assigned our license from NeuPharma, Inc. ("NeuPharma") for a small molecule inhibitor of epidermal growth factor receptor ("EGFR") mutations to Checkpoint (see Note 6 of Notes to Consolidated Financial Statements).

In connection with the license agreement with Dana-Farber, Checkpoint entered into a collaboration agreement with TG Therapeutics, Inc. ("TGTX") to develop and commercialize the Anti-PD-L1 and Anti-GITR antibody research programs in the field of hematological malignancies. Further, in connection with the NeuPharma license, Checkpoint entered into an option agreement with TGTX for a global collaboration in connection with the future development of the certain licensed compounds. Michael Weiss, our Executive Vice Chairman, Strategic Development is also the Executive Chairman, Interim President and Chief Executive Officer and a stockholder of TGTX. Checkpoint retains the right to develop and commercialize these antibodies in the field of solid tumors. Both programs are currently in pre-clinical development.

On September 15, 2015, Checkpoint entered into a sponsored research agreement with NeuPharma to identify additional inhibitors with differing profiles from the licensed products. Under the terms of the agreement, Checkpoint will pay NeuPharma for specific sponsored research projects.

In December 2015, Checkpoint licensed the exclusive worldwide rights to develop and commercialize CK-102 (formerly CEP-9722), a poly (ADP-ribose) polymerase ("PARP") inhibitor, from Teva Pharmaceutical Industries Ltd., through its subsidiary, Cephalon, Inc. CK-102 is an oral, small molecule selective inhibitor of PARP-1 and PARP-2 enzymes in early clinical development for solid tumors. Checkpoint plans to develop CK-102 as both a monotherapy and in combination with other anti-cancer agents, including Checkpoint's novel immuno-oncology and Checkpoint inhibitor antibodies currently in development. Checkpoint expects clinical trials to start in the first half of 2016 for their EGFR inhibitor and the second half of 2016 for their PARP inhibitor and one or more of the Dana-Farber Antibodies.

Also in December 2015, Checkpoint closed on gross proceeds of $57.8 million, before commissions and expenses, in a series of private placement equity financings. Net proceeds from this offering was approximately $51.5 million.

Mustang Bio, Inc.

In March 2015, we formed Mustang to develop immunotherapies based on Chimeric Antigen Receptor T-Cells ("CAR-T"), which it licensed from City of Hope ("COH"). In connection with the license agreement, Mustang also entered into a sponsored research agreement with COH in which Mustang will fund continued research at COH related to CAR-T (see Note 6 of Notes to Consolidated Financial Statements).

Journey Medical Corporation

In March 2015, JMC, our dermatology focused subsidiary, entered into a license and supply agreement to acquire rights to distribute a dermatological product for the treatment of acne (see Note 7 of Notes to Consolidated Financial Statements). In October 2015, JMC entered into a co-promote agreement to sell a 2% topical lotion, Dermasorb HC™, for the treatment of corticosteroid-responsive dermatoses.

In January 2016, JMC entered into a product license and supply agreement with a third party. to distribute a topical cream to promote wound healing for surgical treatments such as cryosurgery, Mohs surgery and biopsies. Also in January 2016, JMC entered into a distribution agreement with a third party to distribute an emollient for the treatment of Eczema.

Helocyte, Inc.

Helocyte, formerly DiaVax, was formed to develop novel immunotherapies for the prevention and treatment of cytomegalovirus ("CMV"), a common virus that affects people of all ages. On April 2, 2015, Helocyte entered into an agreement with COH to secure exclusive worldwide rights for two T-cell immunotherapeutic vaccines for controlling CMV, known as Triplex and PepVax in allogeneic hematopoietic stem cell transplant ("HSCT") and solid organ transplant ("SOT") recipients. Triplex and PepVax have now both entered into Phase 2 clinical studies, with PepVax expected to enroll patients later this year. Both programs are supported by grants paid and payable to COH from the National Cancer Institute. In connection with the licensing of Triplex and PepVax, Helocyte further entered into an option agreement with COH for exclusive worldwide rights to Pentamer, a universal immunotherapeutic vaccine being developed for the prevention of CMV transmission in utero, and exercised this option on April 28, 2015 (see Note 6 of Notes to Consolidated Financial Statements).

Coronado SO Co.

In January 2015, Coronado SO, entered into an exclusive license agreement with a third party for a license for a Phase 2, Uracil Topical Cream used in the treatment and prevention of hand-foot syndrome, a common painful side effect of chemotherapeutics. In June 2015, the FDA accepted specific components of a planned Phase 2 study (see Note 6 of Notes to Consolidated Financial Statements).

Escala Therapeutics, Inc.

On July 16, 2015, Escala, formerly Altamira, acquired from New Zealand Pharmaceuticals Limited ("NZP") a license from the National Institutes of Health ("NIH") and cooperative research and development agreements ("CRADAs") for the development of oral N-acetyl-D-mannosamine ("ManNAc"), a key compound in the sialic biosynthetic pathway for the treatment of hyposialylation disorders, including GNE myopathy and various forms of nephropathy (see Note 6 of Notes to Consolidated Financial Statements).

Critical Accounting Policies and Use of Estimates

Our discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to research and development, accrued expenses, stock-based compensation and fair value of investments. We base our estimates on historical experience, known trends and events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Research and Development Expenses

Research and development costs are expensed as incurred. Advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payments are made. Upfront and milestone payments due to third parties that perform research and development services on our behalf will be expensed as services are rendered or when the milestone is achieved.

Research and development costs primarily consist of personnel related expenses, including salaries, benefits, travel, and other related expenses, stock-based compensation, payments made to third parties for license and milestone costs related to in-licensed products and technology, payments made to third party contract research organizations for preclinical and clinical studies, investigative sites for clinical trials, consultants, the cost of acquiring and manufacturing clinical trial materials, costs associated with regulatory filings,, laboratory costs and other supplies.

In accordance with Accounting Standards Codification ("ASC") 730-10-25-1, *Research and Development*, costs incurred in obtaining technology licenses are charged to research and development expense if the technology licensed has not reached commercial feasibility and has no alternative future use. The licenses purchased by us or our subsidiaries require substantial completion of research and development, regulatory and marketing approval efforts in order to reach commercial feasibility and have no alternative future use. Accordingly, the total purchase price for the licenses acquired during the period was reflected as research and development – licenses acquired on the Consolidated Statements of Operations for the year ended December 31, 2015.

Stock-Based Compensation

We expense stock-based compensation to employees over the requisite service period based on the estimated grant-date fair value of the awards and forfeiture rates. For stock-based compensation awards to non-employees, the Company remeasures the fair value of the non-employee awards at each reporting period prior to vesting and finally at the vesting date of the award. Changes in the estimated fair value of these non-employee awards are recognized as compensation expense in the period of change.

The Company estimates the fair value of stock options grants using the Black-Scholes option pricing model and the assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment.

Fair Value Measurement

We follow accounting guidance on fair value measurements for financial assets and liabilities measured at fair value on a recurring basis. Under the accounting guidance, fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

The accounting guidance requires fair value measurements be classified and disclosed in one of the following three categories:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Observable inputs other than Level 1 prices for similar assets or liabilities that are directly or indirectly observable in the marketplace.
Level 3: Unobservable inputs which are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The fair value hierarchy also requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The requirement to assess the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

Certain of our financial instruments are not measured at fair value on a recurring basis, but are recorded at amounts that approximate their fair value due to their liquid or short-term nature, such as accounts payable, accrued expenses and other current liabilities.

We have various processes and controls in place to ensure that fair value is reasonably estimated.

While we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The decision to elect the fair value option, which is irrevocable once elected, is determined on an instrument by instrument basis and applied to an entire instrument. The net gains or losses, if any, on an investment for which the fair value option has been elected are recognized as a change in fair value of investments on the Consolidated Statements of Operations.

Results of Operations

General

For the year ended December 31, 2015, we generated $0.6 million of revenues in connection with Checkpoint's collaboration agreement with TGTX and $0.3 million in connection with JMC's co-promote agreement to sell a 2% topical lotion, Dermasorb HC™, for the treatment of corticosteroid-responsive dermatoses. At December 31, 2015, we had an accumulated deficit of $190.2 million primarily as a result of research and development expenses, purchases of in-process research and development and general and administrative expenses. While we may in the future generate revenue from a variety of sources, including license fees, milestone payments, research and development payments in connection with strategic partnerships and/or product sales, our current product candidates are at an early stage of development and may never be successfully developed or commercialized. Accordingly, we expect to continue to incur substantial losses from operations for the foreseeable future and there can be no assurance that we will ever generate significant revenues.

Research and Development Expenses

Research and development costs primarily consist of personnel related expenses, including salaries, benefits, travel, and other related expenses, stock-based compensation, payments made to third parties for license and milestone costs related to in-licensed products and technology, payments made to third party contract research organizations for preclinical and clinical studies, investigative sites for clinical trials, consultants, the cost of acquiring and manufacturing clinical trial materials, costs associated with regulatory filings and patents, laboratory costs and other supplies.

Also included in research and development is the total purchase price for the licenses acquired during the period recorded in research and development.

For the years ended December 31, 2015, 2014 and 2013, direct, external development costs incurred for our TSO product development program were $3.0 million, $2.6 million, and $12.2 million, respectively. For the years ended December 31, 2015, 2014 and 2013, direct, external development costs incurred for our CNDO-109 product development program were $0.6 million, $2.1 million, and $2.2 million, respectively. For the years ended December 31, 2015, 2014 and 2013, costs related to the acquisition of licenses were $11.4 million, nil. and nil, respectively. Direct external costs in research and development expenses for subsidiaries in 2015 were $4.9 million for Checkpoint, $1.5 million for Mustang, $0.8 million for Escala and $0.7 million for Avenue. There were no expenses for our subsidiaries for the years ended December 2014 and 2013. Stock based compensation expense included in research and development expenses in 2015, 2014 and 2013 was $5.8 million, $1.1 million and $2.7 million, respectively.

General and Administrative Expenses

General and administrative expenses consist principally of personnel related costs, professional fees for legal, consulting, audit and tax services, rent and other general operating expenses not otherwise included in research and development expenses. For the years ended December 31, 2015, 2014, and 2013, general and administrative expenses were $21.6 million, $10.4 million, and $10.1 million, respectively. Noncash expense included in general and administrative expenses in 2015, 2014 and 2013 was $8.5 million, $4.4 million and $2.9 million, respectively. We anticipate general and administrative expenses will increase in future periods, reflecting continued and increasing costs associated with:

- support of our expanded research and development activities;
- support of business development activities; and
- an expanding infrastructure and increased professional fees and other costs associated therewith

Comparison of Years Ended December 31, 2015 and 2014

($ in thousands)	For the Years Ended December 31, 2015	2014	Change $	Change %
Revenue	$ 273	$ -	$ 273	100%
Revenue - from a related party	590	-	590	100%
Total revenue	863	-	863	100%
Operating expenses				
Research and development	18,402	10,239	8,163	80%
Research and development – licenses acquired	11,408	-	11,408	100%
General and administrative	21,584	10,413	11,171	107%
Total operating expenses	51,394	20,652	30,742	149%
Loss from operations	(50,531)	(20,652)	(29,879)	145%
Other income (expenses)				
Interest income	245	662	(417)	(63)%
Interest expense	(1,484)	(1,338)	(146)	11%
Change in fair value of subsidiary's warrant liabilities	(438)	-	(438)	100%
Change in fair value of investments	(1,675)	942	(2,617)	278%
Total other income (expenses)	(3,352)	266	(3,618)	(1360)%
Net loss	(53,883)	(20,386)	(33,497)	164%
Less: net loss attributable to non-controlling interest	5,455	-	5,455	100%
Net loss attributable to common stockholders	$ (48,428)	$ (20,386)	$ (28,042)	138%

For the year ended December 31, 2015, we generated $0.6 million of revenues in connection with Checkpoint's collaboration agreement with TGTX and $0.3 million in connection with JMC's dermatology products. We did not generate any revenues from operations during the year ended December 31, 2014.

Research and development expenses increased $8.2 million, or 80%, from $10.2 million for the year ended December 31, 2014 to $18.4 million for the year ended December 31, 2015. This increase was primarily due to a $4.6 million increase in stock compensation expense which included a $1.9 million charge relating to the grant made to our Senior Vice President of Operations and a $3.0 million charge related to the mark-to-market impact on the value of the restricted stock grant made to a Checkpoint consultant. In addition, our Fortress Companies research and development expenses increased by $5.1 million in 2015, as a result of the commencement of clinical development on their licenses. We incurred a decrease of $0.4 million from $3.4 million in 2014 to $3.0 million in 2015 TSO product development. The 2015 costs related to the $2.7 million potential payment due Dr. Falk Pharma in connection with its delivery of the Clinical Study Report ("CSR") (though the Company disputes the adequacy of the CSR and does not believe the payment is due), partially offset by lower clinical trial costs of $2.4 million and $0.7 million charge taken in 2014 relating to the abandonment of our plans to manufacture TSO in the United States. Additionally, we experienced a $1.5 million decrease in expenses related to CNDO 109. We expect to incur expenses related to our research and development efforts going forward with existing product candidates as well as potentially acquired new products.

During the year ended December 31, 2015, we invested $11.4 million in new research and development programs with various partners. This increase was primarily due to our in-licensing of IV Tramadol for $3.0 million, the purchase by Mustang of CAR-T from COH for $2.2 million, Checkpoint's payment of $2.2 million for the license to develop a portfolio of fully human immuno-oncology targeted antibodies, Coronado SO's licensing of its Phase 2 Uracil Topical Cream, for $1.6 million, our license from NZP for the development of ManNAc for $1.3 million, our license for EGFR Inhibitors for $1.0 million (which was transferred to Checkpoint in March 2015), and Helocyte's purchase of $0.2 million to develop novel immunotherapies for the prevention and treatment of CMV from COH.

General and administrative expenses increased $11.2 million, or 107%, from $10.4 million in the year ended December 31, 2014 to $21.6 million in the year ended December 31, 2015, largely due to a $2.7 million increase in costs related to the development of a sales and marketing infrastructure for JMC and $2.0 million of professional expenses related to our business development activity, including $0.9 million of legal expenses pertaining to due diligence and activities related to the financing and formation of our subsidiaries. In addition, salaries and benefits increased by $1.8 million as a result of headcount increases related to business development. Lastly, stock-based compensation expense increased by $4.0 million, primarily due to $2.2 million of expense for warrants for Fortress Companies' common stock issued to our President and Chief Executive Officer and Executive Vice Chairman, Strategic Development, $0.5 million of expense related to the modification of a restricted stock grant to a former member of our Board of Directors, as well as an increase in expense related to restricted stock units granted to new employees in 2015.

During the year ended December 31, 2015, interest expense primarily relates to interest and amortization of deferred financing cost on the promissory note for $10 million to National Securities Corporation's NSC Biotech Venture Fund I LLC (the "NSC Note") of approximately $1.0 million. While during the same period in 2014, we incurred $0.8 million of expense in connection with our loan with Hercules Technology Growth Capital, Inc. (the "Hercules Note") of which $0.3 related to the early payment penalty. The decrease in interest income in 2015 compared to 2014 was primarily due to on average lower cash balances for the period. The change in the fair value of investments primarily relates to the decrease in value of our investment in CB Pharma of approximately $1.7 million in 2015.

Net loss attributable to the non-controlling interests of $5.5 million relates to the share of loss in Checkpoint, Mustang, Avenue, JMC and Coronado SO for the year ended December 31, 2015.

Comparison of Years Ended December 31, 2014 and 2013

	For the Years Ended December 31,		Change	
($ in thousands)	**2014**	**2013**	$	%
Operating expenses				
Research and development	10,239	25,682	(15,443)	(60)%
General and administrative	10,413	10,098	315	3%
Total operating expenses	20,652	35,780	(15,128)	(42)%
Loss from operations	(20,652)	(35,780)	15,128	(42)%
Other income (expenses)				
Interest income	662	545	117	21%
Interest expense	(1,338)	(1,923)	585	(30)%
Change in fair value of investments	942	-	942	100%
Total other income (expenses)	266	(1,378)	1,644	119%
Net loss	$ (20,386)	$ (37,158)	$ 16,772	(45)%

Research and development expenses decreased $15.4 million, or 60%, from $25.7 million in the year ended December 31, 2013 to $10.2 million in the year ended December 31, 2014. This decrease was primarily due to a $9.6 million reduction in TSO product development costs related to the wind down of Phase 2 of the TRUST-I trial and reduced development activities. In addition, personnel costs decreased by $3.6 million, which was primarily composed of reductions of $1.7 million in salary, benefits as a result of a reduction in headcount, bonus and travel expense and $1.9 million in stock-based compensation expense, primarily due to a decrease in headcount as well as a reduction in the unvested mark-to-market value of our non-employee option grants. In addition, consulting expenses decreased by $1.7 million primarily due to a reduction in consulting expense of $1.3 million related to the design of our manufacturing facility and product development costs also decreased by $1.3 million. These decreases in expense were partially offset by a $0.7 million charge related to the decision to delay manufacturing of TSO in the Woburn, MA facility. We expect to incur expenses related to our research and development efforts going forward with existing product candidates as well as potentially acquired new products.

General and administrative expenses increased $0.3 million, or 3%, from $10.1 million in the year ended December 31, 2013 to $10.4 million in the year ended December 31, 2014, largely due to a $1.5 million increase in stock-based compensation expense due to restricted stock grants made to our Chief Executive Officer, our Executive Vice President of Strategic Development and the independent members of our Board of Directors in the first quarter of 2014 as well as $0.9 million related to professional fees incurred in connection with our business development activities. This increase was partially offset by a $2.0 million decrease in personnel costs primarily resulting from the November 2013 termination of certain personnel.

Interest expense in 2014 primarily relates to interest on the Hercules Note, which included a prepayment fee of $0.3 million, representing 2% of the outstanding debt and interest on the promissory note with Israel Discount Bank of New York (the "IDB Note"). The increase in interest income in 2014 compared to the same period last year was primarily due to on average higher cash balances for the period. The change in fair value of investments primarily relates to the increase in value of our investment in CB Pharma of $1.2 million, offset by our decision not to exercise the Option of $0.3 million.

Liquidity and Capital Resources

To date, we have funded our operations through cash on hand, the sale of debt, option exercises and a third party financing by Checkpoint, aggregating $247.9 million of net proceeds. At December 31, 2015, we had cash and cash equivalents of $98.2 million of which $50.4 million relates to Checkpoint, plus restricted cash of $14.6 million, of which $14.0 million is collateralizing the IDB Note and $0.6 million of which is securing a letter of credit used as a security deposit for the New York, NY lease that became effective on October 3, 2014.

In February 2014, we paid off the Hercules Note and entered into the IDB Note. Early payment of the Hercules Note approximated $14.0 million consisting of principal of $13.2 million, end of term charge of $0.4 million, a prepayment fee of $0.3 million and interest of $0.1 million. Prior to repayment, in January 2014, the Company made a scheduled principal payment of $0.5 million on the Hercules Note.

In March 2015, we closed on the NSC Note for $10.0 million, net of fees of $0.9 million. We used the proceeds from the NSC Note to acquire medical technologies and products and create subsidiaries in which we can advance these technologies and products.

We may require additional financing to fully develop and prepare regulatory filings and obtain regulatory approvals for our existing and new product candidates, fund operating losses, and, if deemed appropriate, establish or secure through third parties manufacturing for our potential products, sales and marketing capabilities. We have funded our operations to date primarily through the sale of equity and debt securities. We believe that our current cash and cash equivalents is sufficient to fund operations for at least the next twelve months. Our failure to raise capital as and when needed would have a material adverse impact on our financial condition and our ability to pursue our business strategies. We may seek funds through equity or debt financings, collaborative or other arrangements with corporate sources, or through other sources of financing.

Cash Flows for the Three Years Ended December 31, 2015, 2014 and 2013

	For the Years Ended December 31,		
($ in thousands)	**2015**	**2014**	**2013**
Statement of cash flows data:			
Total cash (used in)/provided by:			
Operating activities	$ (20,378)	$ (16,334)	$ (29,646)
Investing activities	7,885	(23,273)	(188)
Financing activities	60,916	(10,155)	89,156
Increase (decrease) in cash and cash equivalents	$ 48,423	$ (49,762)	$ 59,322

Operating Activities

Net cash used in operating activity increased by $4.0 million from the year ended December 31, 2014 to the year ended December 31, 2015, primarily due a $33.5 million increase in net loss. This increase was partially offset by the expensing of research and development-licenses acquired of $10.5 million, an increase in stock-based compensation expense of $8.7 million, a $6.7 million increase in accounts payable and accrued expenses and a $2.6 million in change in fair value of our long-term investments.

Net cash used in operating activity decreased by $13.3 million from the year ended December 31, 2013 to the year ended December 31, 2014, primarily due a $16.7 million decrease in net loss and an impairment charge of $0.7 million and partially offset by a $0.9 million change in fair value of our long-term investments, a $2.4 million reduction in accounts payable and accrued expenses, a $0.4 related to the repayment of debt and a $0.4 million reduction in stock compensation expense.

Investing Activities

Net cash provided by investing activities of $7.9 million during the year ended December 31, 2015 primarily relates to a net $20.0 million proceeds on maturity of marketable securities, offset by $1.3 million related to JMC's acquisition of the rights to distribute a dermatological product, acquisition of research and development licenses of Fortress Companies of $10.5 million, a working capital loan of $0.2 million to CB Pharma Acquisition Corp and construction in process of $0.3 million, primarily related to the buildout of our new office in New York, NY.

Net cash used in investing activities during the year ended December 31, 2014 relates to our $20.0 million investment in marketable securities, our formation and interest in CB Pharma for $2.7 million, our $0.2 million investment in a third party developing a laser device for the treatment of migraine headaches, and our expired Option of $0.3 million.

Net cash used in investing activities during the year ended December 31, 2013 relates to payments for construction of our Woburn, MA manufacturing facility and the purchase of equipment for our office in Burlington, MA.

Financing Activities

Net cash provided by financing activities of $60.9 million for the year ended December 31, 2015 primarily relates to net proceeds in connection with a third party financing of a Fortress Company of $51.5 million, gross proceeds of $10.0 million from the NSC Note and $0.2 million in proceeds related to the exercise of stock options, partially offset by $0.9 million in debt issuance costs associated with the NSC Note.

Net cash used in financing activities of $10.2 million for the year ended December 31, 2014 reflects $14.0 million in proceeds from the IDB Note offset by a transfer of $14.0 million to restricted cash to secure the IDB Note, $13.7 million for the repayment of the Hercules Note as well as $0.6 million to restricted cash to secure a line of credit in connection with the New York, NY lease. These reductions in cash were partially offset by $4.1 million related to proceeds from issuances of our Common Stock.

Net cash provided by financing activities of $89.2 million for the year ended December 31, 2013 consists primarily of $91.3 million in proceeds from the issuance of our Common Stock in connection with our at the market offerings in 2013, offset by $1.9 million in Common Stock issuance costs and our payment of $1.3 million in satisfaction of our principal payment obligations under the Hercules Note.

Contingent Contractual Payments

The following table summarizes our contractual obligations as of December 31, 2015, excluding amounts related to contingent milestone payments, as described below.

		Payments due by period			
($ in thousands)	**Total**	**Less than 1 year**	**1 to 3 years**	**4 to 5 years**	**After 5 years**
Note Payable and interest (1)	$ 27,527	$ 15,871	$ 11,656	$ -	$ -
Operating leases (2)	17,783	1,352	2,552	2,482	11,397
Annual sublicense fees (3)	19,400	6,650	5,000	2,500	5,250
Purchase obligations (4)					
Total	$ 64,709	$ 23,873	$ 19,207	$ 4,982	$ 16,647

(1) Relates to the IDB Note, NSC Note and commitment to loan CB Pharma up to $0.5 million for working capital.

(2) Relates to two New York, NY leases, Scottsdale, AZ, as well as Waltham, MA, and Woburn, MA leases. For the New York, NY lease that commences in 2016, we have in place desk share agreements that reimburse us for $24.4 million, or 60%, of the $40.7 million obligation through the term of our lease.

(3) Annual sublicense fees are projected through 2025 and include payments to Ovamed, Falk and University College of London Business PLC, or UCLB and sponsored research agreement between COH and Mustang. At December 31, 2015 $4.3 million related to Falk and Ovamed are recorded in accrued expenses.

(4) We have $14.9 million of open purchase orders of which $0.9 million are for Avenue, $3.0 million for Checkpoint, $0.7 million for Escala, $0.2 million for Helocyte, $2.3 million for Fortress and $8.0 million for JMC. A majority of our purchase orders may be cancelled without significant penalty to us or our subsidiaries.

In March 2015, we closed the NSC Note. The effective interest rate on the NSC Note approximates 11.3%. The NSC Note was amended and restated on July 29, 2015 to provide that any time a Fortress Company receives from us any proceeds from the NSC Note, we may, in our sole discretion, cause the Fortress Company to issue to NSC Biotech Venture Fund I LLC a new promissory note (the "Amended NSC Note") on identical terms as the NSC Note, giving effect to the passage of time with respect to maturity. The Amended NSC Note will equal the dollar amount of the Fortress Company's share of the NSC Note and reduce our obligations under the NSC Note by such amount. We will guarantee the Amended NSC Note until the Fortress Company either completes an initial public offering or raises sufficient equity capital so that it has cash equal to five times the Amended NSC Note. At December 31, 2015, the amount of debt outstanding under the NSC Note was $10.0 million of which $2.8 million was transferred to Checkpoint and $3.0 million was transferred to Avenue. In February 2016, Checkpoint repaid its outstanding debt of $2.8 million (see Note 8 of Notes to the Consolidated Financial Statements).

In February 2014, we repaid in full the Hercules Note and entered into the IDB Note, under which we can borrow up to $15.0 million. At December 31, 2015, the amount of debt outstanding under the IDB Note was $14.0 million (see Note 8 of Notes to the Consolidated Financial Statements).

In October 2015, we entered into a 5-year lease for approximately 6,100 square feet of office space in Waltham, MA at an average annual rent of approximately $0.2 million. We took occupancy of this space in January 2016.

In November 2014, JMC entered into a two-year lease for 2,295 square feet of office space in Scottsdale, AZ, at an average annual rent of approximately $39,000. Total rent expense for the term of this lease will approximate $78,000. JMC took occupancy of this space in November 2014.

On October 3, 2014, we entered into a 15-year lease for office space at 2 Gansevoort Street New York, NY 10014, at an average annual rent of $2.7 million. We took possession of this space in December 2015, which will constitute our principal executive office upon occupancy in the first half of 2016. Also, on October 3, 2014, we entered into Desk Space Agreements with each of OPPM and TGTX, to occupy 20% and 40%, respectively, of the New York, NY office space that requires them to pay their share of the average annual rent of $0.5 million and $1.1 million, respectively. These initial rent allocations will be adjusted periodically for each party based upon actual percentage of the office space occupied. Additionally, we have reserved the right to execute additional desk space agreements with other third parties and those arrangements will also affect the cost of the lease actually borne by us. The lease was executed to further our business strategy, which includes forming additional subsidiaries and/or affiliate companies. Mr. Weiss is Executive Chairman, Interim Chief Executive Officer and a stockholder of TGTX. The lease is subject to early termination by us, or in circumstances including events of default, the landlord, and includes a five-year extension option in our favor.

In April 2013, we entered into a three-year lease for approximately 1,500 square feet of office space in New York, NY at an average annual rent of approximately $0.1 million. Total rent expense for the term of this lease was approximately $0.4 million. We commenced occupancy of this space in May 2013. In March 2014, we closed the New York, NY office and entered into a sub-lease with a third party to occupy the space conterminously with our lease agreement. In November 2014, our sub-tenant vacated the space. As a result, we commenced activities to sub-lease this facility.

In December 2012, we assumed a lease from TSO Laboratories, Inc., a wholly owned subsidiary of Ovamed GmbH, for approximately 8,700 square feet of space in Woburn, MA for the purpose of establishing a manufacturing facility for TSO. Total rent expense for the lease term is approximate $0.6 million. Annual rental payment is approximately $0.1 million. We intend to sublet this space.

In July 2012, we entered into a five-year lease for approximately 3,200 square feet of office space in Burlington, MA at an average annual rent of approximately $0.1 million. The Company took occupancy of this space in October 2012. On December 31, 2014, we exercised an early termination clause in the lease for a fee of $81,600 payable in January 2015, reducing the lease term to three years.

Off-Balance Sheet Arrangements

We do not have any financings or other relationships with unconsolidated entities or other persons.

Quantitative and Qualitative Disclosures about Market Risks

We are exposed to market risk related to changes in interest rates. As of December 31, 2015, we had no marketable securities. As of December 31, 2014, we had marketable securities of $20.0 million, consisting of U.S. Treasury Bills and a mutual fund. As of December 31, 2013, we had no marketable securities. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because we typically invest in short-term securities. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our portfolio.

The IDB Note bears interest at a rate per annum of 2.25%. This rate is set at a margin of 1.50% over the rate earned on the cash pledging this loan. To the extent the interest payable on the pledge account increases, we would pay higher interest on the outstanding debt.

Recently Issued Accounting Pronouncements

See Note 2 of Notes to the Consolidated Financial Statements for a discussion of recent accounting standards and pronouncements.

Overview

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Refer to the information above in Item 7.

Item 8. Financial Statements and Supplementary Data.

The information required by this Item is set forth in the consolidated financial statements and notes thereto beginning at page F-1 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Controls and Procedures

Disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are designed only to provide reasonable assurance that they will meet their objectives. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness, as of December 31, 2015, of the design and operation of our disclosure controls and procedures, as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

Management's Report on Internal Control over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting refers to the process designed by, or under the supervision of, our principal executive officer and principal financial officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

(1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of our assets that could have a material effect on the financial statements.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making the assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework (2013)*.

Based on our assessment, our management has concluded that, as of December 31, 2015, our internal controls over financial reporting were effective based upon those criteria.

Attestation Report of Registered Public Accounting Firm

The effectiveness of our internal controls over financial reporting as of December 31, 2015 has been audited by our independent registered accounting firm, EisnerAmper LLP, as stated in their attestation report, which is included on page F-2 herein.

Changes in Internal Controls over Financial Reporting.

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this Item concerning our executive officers and directors is incorporated by reference from the sections captioned "Proposal One – Election of Directors", "Corporate Governance Matters" and "Section 16(a) Beneficial Ownership Reporting Compliance" contained in our proxy statement related to the 2016 Annual Meeting of Stockholders currently scheduled to be held on June 16, 2016 which we intend to file with the Securities and Exchange Commission within 120 days of the end of our fiscal year pursuant to General Instruction G(3) of Form 10-K.

The information required by this Item concerning the identification of our executive officers is set forth at the end of Part I of this Annual Report on Form 10-K.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference to the information under the sections captioned "Executive Compensation and Other Matters," "Compensation Discussion and Analysis," "Summary Compensation Table," "Grants of Plan-Based Awards," "Outstanding Equity Awards at 2015 Fiscal Year-End," "Option Exercises and Stock Vested," "Director Compensation in Fiscal Year 2015," "Compensation Committee Interlocks and Insider Participation" and "Transactions with Related Persons" in the proxy statement related to our 2016 Annual Meeting of Stockholders currently scheduled to be held on June 16, 2016.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth the indicated information as of December 31, 2015 with respect to our equity compensation plans:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Restricted Stock Units, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by stockholders	4,592,974	$ 4.37	7,339,720
Equity compensation plans not approved by stockholders	-	$ -	-
Total	4,592,974		7,339,720

Our equity compensation plans consist of the Employee Stock Purchase Plan, Fortress Biotech, Inc. 2007 Stock Incentive Plan, Fortress Biotech, Inc. 2013 Stock Incentive Plan, as amended, and the Fortress Biotech Long-Term Incentive Plan, all of which were approved by our stockholders. We do not have any equity compensation plans or arrangements that have not been approved by our stockholders.

The other information required by this Item is incorporated by reference to the information under the section captioned "Security Ownership of Certain Beneficial Owners and Management" contained in the proxy statement related to our 2016 Annual Meeting of Stockholders currently scheduled to be held on June 16, 2016.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference to the information under the section captioned "Transactions with Related Persons" and "Corporate Governance Matters" in the proxy statement related to our 2016 Annual Meeting of Stockholders currently scheduled to be held on June 16, 2016.

Item 14. Principal Accounting Fees and Services

The information required by this Item is incorporated by reference to the information under the section captioned "Audit Committee Report" in the proxy statement related to our 2016 Annual Meeting of Stockholders currently scheduled to be held on June 16, 2016.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Financial Statements.

The following financial statements are filed as part of this report:

(a) Financial Statements.

The following financial statements are filed as part of this report:

(b) Exhibits.

		Incorporated by Reference (Unless Otherwise Indicated)			
Exhibit Number	**Exhibit Title**	**Form**	**File**	**Exhibit**	**Filing Date**
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	10-12G	000-54463	3.1	July 15, 2011
3.2	First Certificate of Amendment of Amended and Restated Certificate of Incorporation of the Registrant.	10-12G	000-54463	3.2	July 15, 2011
3.3	Certificate of Designation, Preferences and Rights of the Series B Preferred Stock.	10-12G	000-54463	3.3	July 15, 2011
3.4	Certificate of Designation, Preferences and Rights of the Series C Preferred Stock.	10-12G	000-54463	3.4	July 15, 2011
3.5	Second Amended and Restated Bylaws of the Registrant.	8-K	—	3.7	October 31, 2013
3.6	Second Certificate of Amendment of Amended and Restated Certificate of Incorporation, as amended.	10-K	—	3.8	March 14, 2014
4.1	Form of Common Stock Certificate.	10-12G	000-54463	4.1	July 15, 2011
4.2	Form of Series A Preferred Stock Certificate.	10-12G	000-54463	4.2	July 15, 2011
4.3	Form of Series B Preferred Stock Certificate.	10-12G	000-54463	4.3	July 15, 2011
4.4	Form of Series C Preferred Stock Certificate.	10-12G	000-54463	4.4	July 15, 2011

4.5	Form of Warrant for the purchase of shares of Common Stock issued by the Registrant in connection with the 2009 bridge financing.	10-12G	000-54463	4.6	July 15, 2011
4.6	Form of Warrant for the purchase of shares of Common Stock issued by the Registrant in connection with the Series A financing.	10-12G	000-54463	4.7	July 15, 2011
4.7	Form of Series C Convertible Preferred Stock Purchase Warrant issued by the Registrant in connection with the 2011 Series C financing.	10-12G	000-54463	4.8	July 15, 2011
4.8	Form of Consultant/Agent Warrant to Purchase Common Stock.	10-12G	000-54463	4.10	July 15, 2011
4.9	Warrant to purchase Common Stock issued by the Registrant in connection with the 2012 secured loan facility with Hercules Technology Growth Capital, Inc.	8-K	—	4.10	August 29, 2012
10.1	Coronado Biosciences, Inc. 2007 Stock Incentive Plan.#	10-12G	000-54463	10.8	July 15, 2011
10.2	Form of Stock Option Award Agreement.#	10-12G	000-54463	10.9	July 15, 2011
10.3	Consulting Agreement, entered into as of September 21, 2010, by and between the Registrant and Eric Rowinsky, M.D.#	10-12G	000-54463	10.24	July 15, 2011
10.4	Form of Indemnification Agreement by and between the Registrant and its officers and directors.	10-12G/A	000-54463	10.25	August 23, 2011
10.5	Employment Agreement, made and entered into on February 21, 2012, by and between the Registrant and Lucy Lu, M.D.#	8-K	—	10.35	February 23, 2012
10.6	Coronado Biosciences, Inc. 2012 Employee Stock Purchase Plan.#	DEF 14A	—	—	July 13, 2012
10.7	At Market Issuance Sales Agreement, dated October 5, 2012, between the Registrant and MLV & Co. LLC.	8-K	—	1.1	October 5, 2012
10.8	At Market Issuance Sales Agreement, dated April 29, 2013, between the Registrant and MLV & Co. LLC.	8-K	—	10.46	April 29, 2013
10.9	Amendment No. 1 to At Market Issuance Sales Agreement, dated July 12, 2013, between the Registrant and MLV & Co. LLC.	S-3	333-189935	10.50	July 12, 2013
10.10	Promissory Note issued by Registrant to Israel Discount Bank of New York, dated February 13, 2014.	8-K	—	10.53	February 18, 2014

10.11	Assignment and Pledge of Money Market Account dated February 13, 2014 in favor of Israel Discount Bank of New York.	8-K	—	10.54	February 18, 2014
10.12	Restricted Stock Issuance Agreement, dated as of February 20, 2014, by and between the Registrant and Michael S. Weiss	8-K/A	—	10.55	February 26, 2014
10.13	Shareholders' Agreement, dated as of February 20, 2014, by and among certain shareholders of the Registrant named therein.	8-K/A	—	10.56	February 26, 2014
10.14	Restricted Stock Issuance Agreement, dated as of December 19, 2013, by and between the Registrant and Michael S. Weiss	10-K	—	10.57	March 14, 2014
10.15	Restricted Stock Issuance Agreement, dated as of December 19, 2013, by and between the Registrant and Lindsay A. Rosenwald, M.D.#	10-K	—	10.58	March 14, 2014
10.16	Confidential Separation and Release Agreement, dated as of December 22, 2013, by and between the Registrant and Harlan F. Weisman, M.D.#	10-K	—	10.59	March 14, 2014
10.17	Form of Coronado Biosciences, Inc. 2013 Stock Incentive Plan Award Agreement (2013 Stock Incentive Plan).#	S-8	333-194588	10.60	March 14, 2014
10.18	Form of Subscription Agreement.	8-K	—	10.61	November 10, 2014
10.19	Note Purchase Agreement, dated February 27, 2015, by and between the Registrant and NSC Biotech Venture Fund I LLC.	8-K	—	10.62	March 5, 2015
10.20	Form of SubCo Securities Purchase Agreement.	8-K	—	10.64	March 5, 2015
10.21	Form of SubCo Warrant.	8-K	—	10.65	March 5, 2015
10.22	Form of SubCo Promissory Note.	8-K	—	10.66	March 5, 2015
10.23	Coronado Biosciences, Inc. Deferred Compensation Plan for Directors, dated March 12, 2015.#	8-K	—	10.67	March 18, 2015
10.24	Fortress Biotech, Inc. 2013 Stock Incentive Plan, as amended.#	DEF 14A	—	—	June 4, 2015
10.25	Fortress Biotech, Inc. Long-Term Incentive Plan.#	DEF 14A	—	—	June 4, 2015
10.26	Restricted Stock Unit Award Agreement between Fortress Biotech, Inc. and George Avgerinos effective July 15, 2015.#	8-K	—	10.70	July 17, 2015

10.27	Amended and Restated Promissory Note issued by the Registrant to NSC Biotech Venture Fund I LLC, dated July 29, 2015.	8-K	—	10.71	August 4, 2015
14.1	Code of Ethics of Registrant applicable to Directors, Officers and Employees.	S-1	333-177041	14.1	September 28, 2011
16.1	Letter from PricewaterhouseCoopers LLP to the Securities and Exchange Commission dated April 7, 2014.	8-K	—	16.1	April 7, 2014
21.1	Subsidiaries of the Registrant.	—	—	—	Filed herewith
23.1	Consent Independent Registered Public Accounting Firm.	—	—	—	Filed herewith
23.2	Consent Independent Registered Public Accounting Firm.	—	—	—	Filed herewith
24.1	Power of Attorney (included on the signature page of this Form 10-K)	—	—	—	Filed herewith
31.1	Certification of Chairman, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	—	—	—	Filed herewith
31.2	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	—	—	—	Filed herewith
32.1	Certification of the Chairman, President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	—	—	—	Filed herewith
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	—	—	—	Filed herewith
99.1	Financial Information of CB Pharma Acquisition Corp.	—	—	—	Filed herewith
101.INS	XBRL Instance Document.	—	—	—	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	—	—	—	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	—	—	—	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	—	—	—	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	—	—	—	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	—	—	—	Filed herewith

Management contract or compensatory plan.

FORTRESS BIOTECH, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Fortress Biotech, Inc.

We have audited the accompanying consolidated balance sheets of Fortress Biotech, Inc. (formerly Coronado Biosciences, Inc.) and its subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the two-year period ended December 31, 2015. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fortress Biotech, Inc. and its subsidiaries as of December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Fortress Biotech, Inc. and its subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated March 15, 2016 expressed an unqualified opinion thereon.

/s/ EisnerAmper LLP

New York, New York
March 15, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Fortress Biotech, Inc.

We have audited Fortress Biotech, Inc. (formerly Coronado Biosciences, Inc.) and subsidiaries (the "Company") internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Fortress Biotech, Inc. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 *Internal Control - Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Fortress Biotech, Inc. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2015, and our report dated March 15, 2016 expressed an unqualified opinion thereon.

/s/ EisnerAmper LLP

New York, New York
March 15, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Fortress Biotech, Inc.

In our opinion, the consolidated statements of operations, of changes in stockholders' equity and of cash flows for the year ended December 31, 2013 present fairly, in all material respects, the results of operations and cash flows of Fortress Biotech, Inc. and its subsidiaries (formerly known as Coronado Biosciences, Inc.) for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Boston, Massachusetts
March 14, 2014

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
($ in thousands except for share and per share amounts)

	As of December 31,	
	2015	**2014**
ASSETS		
Current assets		
Cash and cash equivalents	$ 98,182	$ 49,759
Marketable securities, at fair value (Note 3)	-	20,002
Prepaid expenses and other current assets	1,597	702
Total current assets	99,779	70,463
Property and equipment, net (Note 4)	309	52
Restricted cash	14,586	14,586
Long-term investments, at fair value (Note 5)	2,485	4,160
Intangible asset - license (Note 7)	1,250	-
Other assets	201	64
Total assets	**$ 118,610**	**$ 89,325**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 1,868	$ 366
Accrued expenses	8,570	3,683
Interest payable	27	28
Derivative warrant liability (Note 5)	114	-
Total current liabilities	10,579	4,077
Notes payable, long-term (net of debt discount of $835 and $6 at December 31, 2015 and December 31, 2014, respectively)	23,174	14,003
Other long-term liabilities	584	722
Total liabilities	**34,337**	**18,802**
Commitments and contingencies (Note 13)		
Stockholders' equity		
Convertible Preferred stock, $.001 par value, 129,767 Series C shares authorized, 0 shares issued and outstanding as of December 31, 2015 and December 31, 2014, respectively	-	-
Common Stock, $.001 par value, 100,000,000 shares authorized, 47,147,032 and 46,494,034 shares issued and outstanding as of December 31, 2015 and December 31, 2014, respectively	47	46
Additional paid-in-capital	246,955	212,205
Accumulated deficit	(190,156)	(141,728)
Total stockholders' equity attributed to the Company	56,846	70,523
Non-controlling interests (Note 10)	27,427	-
Total stockholders' equity	84,273	70,523
Total liabilities and stockholders' equity	**$ 118,610**	**$ 89,325**

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

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
($ in thousands except for share and per share amounts)

	For the Years Ended December 31,		
	2015	**2014**	**2013**
Revenue	$ 273	$ -	$ -
Revenue - from a related party	590	-	-
Total revenue	863	-	-
Operating expenses			
Research and development	18,402	10,239	25,682
Research and development – licenses acquired	11,408	-	-
General and administrative	21,584	10,413	10,098
Total operating expenses	51,394	20,652	35,780
Loss from operations	(50,531)	(20,652)	(35,780)
Other income (expenses)			
Interest income	245	662	545
Interest expense	(1,484)	(1,338)	(1,923)
Change in fair value of subsidiary's warrant liabilities	(438)	-	-
Change in fair value of investments	(1,675)	942	-
Total other income (expenses)	(3,352)	266	(1,378)
Net loss	**(53,883)**	**(20,386)**	**(37,158)**
Less: net loss attributable to non-controlling interests	5,455	-	-
Net loss attributable to common stockholders	**$ (48,428)**	**$ (20,386)**	**$ (37,158)**
Basic and diluted net loss per common share	$ (1.24)	$ (0.56)	$ (1.22)
Weighted average common shares outstanding—basic and diluted	39,146,589	36,323,596	30,429,743

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

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
($ in thousands except for share amounts)

	Common Stock		Additional Paid-In	Accumulated	Non-Controlling	Total Stockholders'
	Shares	Amount	Capital	Deficit	Interests	Equity
Balance at December 31, 2012	**24,400,754**	**$ 24**	**$ 106,193**	**$ (84,184)**	**$ -**	**$ 22,033**
Exercise of stock options	550,157	1	969	-	-	970
Exercise of warrants	157,355	1	-	-	-	1
Issuance of Common Stock under ESPP	27,570	-	92	-	-	92
Issuance of Common Stock for At the Market Offering	10,558,422	10	91,327	-	-	91,337
Costs related to the issuance of Common Stock for At the Market Offering	-	-	(1,899)	-	-	(1,899)
Issuance of Restricted Stock	3,958,692	4	(4)	-	-	-
Stock-based compensation expense	-	-	5,902	-	-	5,902
Net loss	-	-	-	(37,158)	-	(37,158)
Balance at December 31, 2013	**39,652,950**	**40**	**202,580**	**(121,342)**	**-**	**81,278**
Exercise of stock options	323,412	-	596	-	-	596
Issuance of Common Stock related to subscription	2,175,000	2	3,500	-	-	3,502
Issuance of Common Stock under ESPP	13,980	-	19	-	-	19
Common Stock issuance costs	-	-	(32)	-	-	(32)
Issuance of Restricted Stock	4,328,692	4	(4)	-	-	-
Stock-based compensation expense	-	-	5,546	-	-	5,546
Net loss	-	-	-	(20,386)	-	(20,386)
Balance at December 31, 2014	**46,494,034**	**46**	**212,205**	**(141,728)**	**-**	**70,523**
Exercise of options	100,000	-	216	-	-	216
Stock-based compensation expense	-	-	14,291	-	-	14,291
Issuance of restricted stock	525,000	1	(1)	-	-	-
Subsidiary's offering, net	-	-	18,614	-	32,882	51,496
Issuance of common stock under ESPP	27,998	-	59	-	-	59
Issuance of subsidiaries' common shares for license expenses	-	-	958			958
Issuance of warrants in conjunction with NSC debt	-	-	613	-	-	613
Net loss attributable to non-controlling interest	-	-	-	-	(5,455)	(5,455)
Net loss attributable to common stockholders	-	-	-	(48,428)	-	(48,428)
Balance at December 31, 2015	**47,147,032**	**$ 47**	**$ 246,955**	**$ (190,156)**	**$ 27,427**	**$ 84,273**

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

FORTRESS BIOTECH, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
($ in thousands)

	For the Years Ended December 31,		
	2015	**2014**	**2013**
Cash Flows from Operating Activities:			
Net Loss	$ (53,883)	$ (20,386)	$ (37,158)
Reconciliation of net loss to net cash used in operating activities:			
Depreciation expenses	26	23	17
Noncash interest expense	167	634	536
Amortization of debt discount	314	-	-
Stock-based compensation expense	14,291	5,546	5,902
Issuance of subsidiaries' common shares for license expenses	958	-	-
Research and development licenses acquired, expensed	10,448	-	-
Change in fair value of investments	1,675	(942)	-
Change in fair value of subsidiary's warrant liabilities	438	-	-
Asset impairment loss	-	722	-
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities:			
Prepaid expenses and other current assets	(895)	(139)	(117)
Accounts payable and accrued expenses	5,889	(849)	1,184
Interest payable	(1)	(81)	(10)
End of term fee associated with Hercules Note	-	(398)	-
Other long-term liabilities	195	(464)	-
Net cash used in operating activities	(20,378)	(16,334)	(29,646)
Cash Flows from Investing Activities:			
Purchase of marketable securities	(79,947)	(20,002)	-
Sale of marketable securities	99,949	-	-
Purchase of short- term investment	-	(346)	-
Purchase of research and development licenses	(10,448)	-	-
Purchase of long-term investment	-	(2,925)	-
Purchase of property and equipment	(283)	-	(40)
Deposit for leasehold improvements	-	-	(148)
Purchase of license	(1,250)	-	-
Security deposits refund	22	-	-
Payment to related parties - CB Pharma Acquisition Corp	(158)	-	-
Net cash provided by (used in) investing activities	7,885	(23,273)	(188)
Cash Flows from Financing Activities:			
Payment of Hercules Note	-	(13,654)	(1,345)
Proceeds from issuance of common stock	-	3,502	91,337
Proceeds from exercise of stock options	216	596	970
Proceeds from issuance of common stock under ESPP	59	19	92
Proceeds from subsidiary's offering	57,817	-	-
Payment of costs related to subsidiary's offering	(6,321)	-	-
Payment of costs related to the issuance of common stock	-	(32)	(1,898)
Proceeds from IDB note	-	14,009	-
Payment of debt issue costs associated with IDB Note	-	(9)	-
Proceeds from NSC note	10,000	-	-
Payment of debt issue costs associated with NSC Note	(855)	-	-
Transfer of restricted cash	-	(14,586)	-
Net cash provided by (used in) financing activities	60,916	(10,155)	89,156
Net increase (decrease) in cash and cash equivalents	48,423	(49,762)	59,322
Cash and cash equivalents at beginning of period	49,759	99,521	40,199
Cash and cash equivalents at end of period	$ 98,182	$ 49,759	$ 99,521
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 80	$ 785	$ 1,387
Supplemental disclosure of non-cash financing and investing activities:			
Issuance of restricted stock	$ 1	$ 4	$ 4
Issuance of warrants in conjunction with NSC debt	$ 175	$ -	$ -
Issuance of contingent warrants in conjunction with NSC debt	$ 114	$ -	$ -

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

1. Organization and Description of Business

Fortress Biotech, Inc. ("Fortress" or "the Company"), formerly Coronado Biosciences, Inc., is a biopharmaceutical company dedicated to acquiring, developing and commercializing novel pharmaceutical and biotechnology products. On April 27, 2015, the Company changed its name from Coronado Biosciences, Inc. to Fortress Biotech, Inc. Fortress plans to continue to develop and commercialize products both within Fortress and its subsidiaries, also referred to herein as the "Fortress Companies". In addition to its internal development programs, the Company plans to leverage its biopharmaceutical business expertise and drug development capabilities to help the Fortress Companies innovate, develop and commercialize products. Additionally, the Company will provide funding and management services to each of the Fortress Companies and, from time to time, the Company and the Fortress Companies will seek licensing, partnerships, joint ventures and/or public and private financings to accelerate and provide additional funding to support their research and development programs.

As of December 31, 2015, the Company has several consolidated Fortress Companies, which contain product licenses, including Avenue Therapeutics, Inc. ("Avenue"), Journey Medical Corporation ("JMC"), Coronado SO Co. ("Coronado SO"), Checkpoint Therapeutics, Inc. ("Checkpoint"), Mustang Bio, Inc. ("Mustang"), Helocyte, Inc. ("Helocyte"), formerly DiaVax Biosciences, Inc., Escala Therapeutics, Inc. ("Escala"), formerly Altamira Biosciences, Inc., and other consolidated Fortress subsidiaries which have minimal activity, including Innmune Limited, CB Securities Corporation (holds investments classified as cash and cash equivalents in 2015), and Cyprium Therapeutics, Inc.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Company's consolidated financial statements include the accounts of the Company and the accounts of the Company's subsidiaries: Innmune Limited, Coronado SO, Cyprium Therapeutics, Inc., Escala, JMC, CB Securities Corporation, Avenue, Checkpoint, Mustang and Helocyte. All intercompany balances and transactions have been eliminated.

The accompanying consolidated financial statements include the accounts of the Company's subsidiaries. For consolidated entities where the Company owns less than 100% of the subsidiary, the Company records net income (loss) attributable to non-controlling interests in its consolidated statements of operations equal to the percentage of the economic or ownership interest retained in such entities by the respective non-controlling parties. The Company also consolidates subsidiaries in which it owns less than 50% of the subsidiary but maintains voting control.

Use of Estimates

The Company's consolidated financial statements include certain amounts that are based on management's best estimates and judgments. The Company's significant estimates include, but are not limited to, useful lives assigned to long-lived assets, fair value of stock options and warrants, stock-based compensation, common stock issued to acquire licenses, investments, accrued expenses, provisions for income taxes and contingencies. Due to the uncertainty inherent in such estimates, actual results may differ from these estimates.

Reclassifications

The Company reclassified debt issuance costs from other assets to notes payable, long-term on the Consolidated Balance Sheets for all periods presented pursuant to the early adoption of Accounting Standards Update ("ASU") No. 2015-03 *Simplifying the Presentation of Debt Issuance Costs*.

Fair Value Measurement

The Company follows accounting guidance on fair value measurements for financial assets and liabilities measured at fair value on a recurring basis. Under the accounting guidance, fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

The accounting guidance requires fair value measurements be classified and disclosed in one of the following three categories:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Observable inputs other than Level 1 prices for similar assets or liabilities that are directly or indirectly observable in the marketplace.
Level 3: Unobservable inputs which are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

Certain of the Company's financial instruments are not measured at fair value on a recurring basis, but are recorded at amounts that approximate their fair value due to their liquid or short-term nature, such as accounts payable, accrued expenses and other current liabilities. The carrying value of the amount owed to Ovamed GmbH ("Ovamed") upon the acquisition of certain manufacturing rights in December 2012 to under the amendment to our sublicense agreement with Ovamed has been recorded at its net present value, which approximates its fair value. The amounts due to Ovamed are included in current liabilities at December 31, 2015 and both current liabilities and long-term liabilities at December 31, 2014 in the Consolidated Balance Sheets (see Note 9).

Segment Reporting

The Company operates in one operating segment and, accordingly, no segment disclosures have been presented herein. All of the Company's equipment, leasehold improvements and other fixed assets are physically located within the United States, and all agreements with the Company's vendors are denominated in U.S. dollars.

Cash and Cash Equivalents

The Company considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at December 31, 2015 and at December 31, 2014 consisted of cash, money market funds and certificates of deposit in institutions in the United States. Balances at certain institutions have exceeded Federal Deposit Insurance Corporation insured limits and U.S. government agency securities.

Marketable Securities

Marketable securities are classified as trading and are carried at fair value. There were no marketable securities at December 31, 2015. Marketable securities at December 31, 2014 consist of a U.S. Treasury Bill and a mutual fund which were valued at market prices.

Property and Equipment

Office equipment is recorded at cost and depreciated using the straight-line method over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the estimated useful lives or the term of the respective leases.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Factors that the Company considers in deciding when to perform an impairment review include significant underperformance of the business in relation to expectations, significant negative industry or economic trends, and significant changes or planned changes in the use of the assets. If an impairment review is performed to evaluate a long-lived asset for recoverability, the Company compares forecasts of undiscounted cash flows expected to result from the use and eventual disposition of the long-lived asset to its carrying value. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset are less than its carrying amount. The impairment loss would be based on the excess of the carrying value of the impaired asset over its fair value, determined based on discounted cash flows. During the year ended December 31, 2014, in connection to the abandonment of its lease in Woburn, MA, the Company recorded an impairment loss of $0.4 million related to the write-off of its construction in progress long-lived asset (see Note 13).

Restricted Cash

The Company records cash held in trust or pledged to secure certain debt obligations as restricted cash. As of December 31, 2015, the Company has $14.6 million of restricted cash collateralizing a note payable of $14.0 million (see Note 8) and a pledge to secure a letter of credit in connection with a new lease of $0.6 million (see Note 13).

Investments at Fair Value

The Company elects the fair value option for its long-term investments at fair value (see Note 5). The decision to elect the fair value option, which is irrevocable once elected, is determined on an instrument by instrument basis and applied to an entire instrument. The net gains or losses, if any, on an investment for which the fair value option has been elected are recognized as a change in fair value of investments on the Consolidated Statements of Operations.

The Company has various processes and controls in place to ensure that fair value is reasonably estimated. While the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Intangible Asset License

The Company records the costs of acquired product distribution license rights as intangible asset licenses in the Consolidated Balance Sheets. Upon commencement of product sales, license rights will be amortized over the expected life of the product into product expense in the Consolidated Statements of Operations. As of December 31, 2015, product sales of the Company's intangible asset license had not yet commenced (see Note 7).

Deferred Financing Costs

Financing costs incurred in connection with the promissory note for $15.0 million between Israel Discount Bank ("IDB") and the Company (the "IDB Note"), the Hercules Technology Growth Capital, Inc. note (the "Hercules Note"), and the National Securities Corporation's NSC Biotech Venture Fund I LLC note (the "NSC Note") are now recorded as a reduction of principal balance due to ASU No. 15-3 and are being amortized over the appropriate expected life based on the term of the note using the effective interest rate method. As of December 31, 2015 and 2014, the Company recorded deferred financing costs of $0.8 million and $6,000, respectively, in notes payable, long-term on the Consolidated Balance Sheets. The remaining deferred financing cost related to the Hercules Note was expensed in 2014 when the note was paid off (see Note 8).

Revenue Recognition

Reimbursement Arrangements and Collaborative Arrangements

Checkpoint reimbursed by TG Therapeutics, Inc. ("TGTX"), a related party, for its share of the cost of the license and product research and development costs under the collaboration agreement with them. The gross amount of these reimbursed costs are reported as revenue in the Consolidated Statements of Operations, since the Company acts as a principal, bears credit risk and may perform part of the services required in the transactions. Consistent with Accounting Standards Codification ("ASC") 605-45, *Revenue Recognition – Principal Agent Considerations*, these reimbursements are treated as revenue by the Company. The actual expenses, if any, creating the reimbursements are reflected as expenses in the consolidated financial statements.

The Company recognizes revenue for the performance of services or the shipment of products when each of the following four criteria is met: (i) persuasive evidence of an arrangement exists; (ii) products are delivered or as services are rendered; (iii) the sales price is fixed or determinable; and (iv) collectability is reasonably assured.

The Company follows ASC 605-25, *Revenue Recognition – Multiple-Element Arrangements* and ASC 808, *Collaborative Arrangements*, if applicable, to determine the recognition of revenue under its collaborative research, options to enter into collaborative research agreements and development and commercialization agreements. The terms of these agreements generally contain multiple elements, or deliverables, which may include (i) grants of licenses, or options to obtain licenses, to our intellectual property, (ii) research and development services, (iii) drug product manufacturing, and/or (iv) participation on joint research and/or joint development committees. The payments we may receive under these arrangements typically include one or more of the following: non-refundable, up-front license fees; funding of research and/or development efforts; amounts due upon the achievement of specified objectives; and/or royalties on future product sales.

ASC 605-25 provides guidance relating to the separability of deliverables included in an arrangement into different units of accounting and the allocation of arrangement consideration to the units of accounting. The evaluation of multiple-element arrangements requires management to make judgments about (i) the identification of deliverables, (ii) whether such deliverables are separable from the other aspects of the contractual relationship, (iii) the estimated selling price of each deliverable, and (iv) the expected period of performance for each deliverable.

To determine the units of accounting under a multiple-element arrangement, management evaluates certain separation criteria, including whether the deliverables have stand-alone value, based on the relevant facts and circumstances for each arrangement. Management then estimates the selling price for each unit of accounting and allocates the arrangement consideration to each unit utilizing the relative selling price method. The allocated consideration for each unit of accounting is recognized over the related obligation period in accordance with the applicable revenue recognition criteria.

If there are deliverables in an arrangement that are not separable from other aspects of the contractual relationship, they are treated as a combined unit of accounting, with the allocated revenue for the combined unit recognized in a manner consistent with the revenue recognition applicable to the final deliverable in the combined unit. Payments received prior to satisfying the relevant revenue recognition criteria are recorded as deferred revenue in the Consolidated Balance Sheets and recognized as revenue in the Consolidated Statements of Operations when the related revenue recognition criteria are met. See Note 6 for a description of the collaborative arrangements.

Research and Development

Research and development costs are expensed as incurred. Advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payment is made. Upfront and milestone payments due to third parties that perform research and development services on the Company's behalf will be expensed as services are rendered or when the milestone is achieved.

Research and development costs primarily consist of personnel related expenses, including salaries, benefits, travel, and other related expenses, stock-based compensation, payments made to third parties for license and milestone costs related to in-licensed products and technology, payments made to third party contract research organizations for preclinical and clinical studies, investigative sites for clinical trials, consultants, the cost of acquiring and manufacturing clinical trial materials, costs associated with regulatory filings, laboratory costs and other supplies.

In accordance with ASC 730-10-25-1, *Research and Development*, costs incurred in obtaining technology licenses are charged to research and development expense if the technology licensed has not reached commercial feasibility and has no alternative future use. Such licenses purchased by the Company require substantial completion of research and development, regulatory and marketing approval efforts in order to reach commercial feasibility and has no alternative future use. Accordingly, the total purchase price for the licenses acquired during the period was reflected as research and development – licenses acquired on the Consolidated Statements of Operations for the year ended December 31, 2015.

Valuation of Warrants Related to NSC Note

In accordance with ASC 815, the Company classified the fair value of the warrants ("Contingently Issuable Warrants") granted in connection with the NSC Note transferred to Avenue effective February 2015 and transferred to Checkpoint in various tranches from March 19, 2015 to August 31, 2015 as a derivative liability. The Company valued these Contingently Issuable Warrants using option pricing model, and used estimates for an expected dividend yield, a risk-free interest rate, and expected volatility together with management's estimate of the probability of issuance of the Contingently Issuable Warrants (see Note 5 and Note 8). At each reporting period, as long as the Contingently Issuable Warrants were potentially issuable and there was a potential for an insufficient number of authorized shares available to settle the Contingently Issuable Warrants, these Contingently Issuable Warrants would be revalued and any difference from the previous valuation date would be recognized as a change in fair value of subsidiary's warrant liabilities in the Consolidated Statements of Operations.

Contingencies

The Company records accruals for contingencies and legal proceedings expected to be incurred in connection with a loss contingency when it is probable that a liability has been incurred and the amount can be reasonably estimated.

If a loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Stock-Based Compensation

The Company expenses stock-based compensation to employees over the requisite service period based on the estimated grant-date fair value of the awards and forfeiture rates. For stock-based compensation awards to non-employees, the Company remeasures the fair value of the non-employee awards at each reporting period prior to vesting and finally at the vesting date of the award. Changes in the estimated fair value of these non-employee awards are recognized as compensation expense in the period of change.

The Company estimates the fair value of stock options grants using the Black-Scholes option pricing model and the assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment.

Income Taxes

The Company records income taxes using the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax effects attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and operating loss and tax credit carryforwards. The Company establishes a valuation allowance if it is more likely than not that the deferred tax assets will not be recovered based on an evaluation of objective verifiable evidence. For tax positions that are more likely than not of being sustained upon audit, the Company recognizes the largest amount of the benefit that is greater than 50% likely of being realized. For tax positions that are not more likely than not of being sustained upon audit, the Company does not recognize any portion of the benefit.

Non-Controlling Interests

Non-controlling interests in consolidated entities represent the component of equity in consolidated entities held by third parties. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests (see Note 10).

Comprehensive Loss

The Company's comprehensive loss is equal to its net loss for all periods presented.

Adoption of Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. ASU No. 2015-03 is effective for the interim and annual periods ending after December 15, 2015, with early adoption permitted. As of June 30, 2015, the Company adopted ASU No. 2015-03 and such adoption resulted in debt issuance costs for all periods presented to be reclassified to notes payable, long-term, net.

In August 2015, the FASB issued ASU No. 2015-15, *Interest - Imputation of Interest: Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements*, which clarifies the treatment of debt issuance costs from line-of-credit arrangements after the adoption of ASU No. 2015-03, *Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*. In particular, ASU No. 2015-15 clarifies that the SEC staff would not object to an entity deferring and presenting debt issuance costs related to a line-of-credit arrangement as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of such arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Company adopted ASU No. 2015-15 during the second quarter of 2015, and its adoption did not have a material impact on its financial statements.

In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*, which requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position to simplify the presentation of deferred income taxes. The standard is effective prospectively for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. As of December 31, 2015, we elected to early adopt the pronouncement on a prospective basis. Adoption of this amendment did not have an effect on the Company's financial position or results of operations, and prior periods were not retrospectively adjusted.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, an updated standard on revenue recognition. ASU No. 2014-09 provides enhancements to the quality and consistency of how revenue is reported by companies while also improving comparability in the financial statements of companies reporting using International Financial Reporting Standards or U.S. GAAP. The main purpose of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which a company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. In July 2015, the FASB voted to approve a one-year deferral of the effective date of ASU No. 2014-09 and may be applied on a full retrospective or modified retrospective approach. The Company is evaluating the impact of implementation and transition approach of this standard on its financial statements. When adopted, the Company does not expect this guidance to have a material impact on its financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* This ASU explicitly requires management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. In connection with each annual and interim period, management will assess if there is substantial doubt about an entity's ability to continue as a going concern within one year after the issuance date. Management will consider relevant conditions that are known, and reasonably knowable, at the issuance date. Substantial doubt exists if it is probable that the entity will be unable to meet its obligations within one year after the issuance date. Disclosures will be required if conditions give rise to substantial doubt. The new standard will be effective for all entities in the first annual period ending after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements. When adopted, the Company does not expect this guidance to have a material impact on its financial statements.

In January 2016, FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU No. 2016-01 requires equity investments to be measured at fair value with changes in fair value recognized in net income; simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment; eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet; requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments; requires separate presentation of financial assets and financial liabilities by measurement category and form of financial assets on the balance sheet or the accompanying notes to the financial statements and clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. ASU No. 2016-01 is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the impact ASU No. 2016-01 will have on its consolidated financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)* which supersedes FASB ASC Topic 840, *Leases (Topic 840)* and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. The standard is effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted upon issuance.

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date through the date, which these financial statements were available to be issued.

3. Marketable Securities

In December 2015, there were no investments in marketable securities. Marketable securities, classified as trading in 2014, consist of the following:

	As of December 31, 2014			
($ in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair value
U.S. treasury bill	$ 19,998	$ -	$ -	$ 19,998
Mutual fund	4	-	-	4
	$ 20,002	$ -	$ -	$ 20,002

4. Property and Equipment

Property and equipment consisted of the following:

($ in thousands)	Useful Life (Years)	As of December 31, 2015	As of December 31, 2014
Computer equipment	3	$ 13	$ 13
Furniture and fixtures	5	69	69
Leasehold improvements	5	21	12
Construction in progress (1)	N/A	274	-
Total property and equipment		377	94
Less: Accumulated depreciation		(68)	(42)
Property and equipment, net		$ 309	$ 52

(1) For buildout of our new office in New York, NY.

During the year ended December 31, 2014, in relation to the abandonment of its Woburn, MA manufacturing facility, the Company recorded $0.4 million of impairment loss related to the write-off of its construction in progress long-lived asset (see Note 13).

Depreciation expenses for the years ended December 31, 2015, 2014, and 2013 was $26,000, $23,000, and $17,000, respectively, and was recorded in both research and development expense and general and administrative expense in the Consolidated Statements of Operations.

5. Fair Value Measurements

From time to time, the Company invests in marketable securities, which are classified as trading securities and are stated at fair value as determined by quoted market prices. There were no marketable securities at December 31, 2015. As of December 31, 2014, the Company held $20.0 million in marketable securities, which primarily consisted of a U.S. treasury bill and a mutual fund.

Certain of the Company's financial instruments are not measured at fair value on a recurring basis but are recorded at amounts that approximate their fair value due to their liquid or short-term nature, such as accounts payable, accrued expenses and other current liabilities.

On March 17, 2014, the Company invested $250,000 for a 35% ownership position in a third-party company developing a laser device to treat migraine headaches. The Company elected the fair value option for recording this investment. In conjunction with this investment, the Company entered into a Purchase Agreement with the third-party company, in which the Company received 13,409,962 Class A Preferred Units, representing 83% of a total 16,091,954 Class A Preferred Units. The fair value of this investment was $250,000 as of December 31, 2015 and 2014. The value of the Company's investment was determined based on a valuation which takes into consideration, when applicable, cash received, cost of the investment, market participant inputs, estimated cash flows based on entity specific criteria, purchase multiples paid in other comparable third-party transactions, market conditions, liquidity, operating results and other qualitative and quantitative factors. The values at which the Company's investments are carried on its books are adjusted to estimated fair value at the end of each quarter taking into account general economic and stock market conditions and those characteristics specific to the underlying investments. Based upon these inputs at December 31, 2015, the fair value of the Company's investment approximated cost.

On April 18, 2014, the Company paid $243,000 for an option to purchase the exclusive rights to a Phase 2, topical product, Uracil Topical Cream, from a third party and paid an additional $50,000 in August 2014 to extend the term of the option for a total purchase price of $293,000. The Company elected the fair value option for this investment. On September 30, 2014, the Company recognized a loss of $293,000 in connection with the expiration of the option. For the year ended December 31, 2014, this loss was reflected in the Consolidated Statements of Operations.

In September 2014, the Company formed CB Pharma, a blank check company and received 1.1 million insider shares of CB Pharma in exchange for $25,000. In December 2014, CB Pharma closed its IPO, including an over-allotment option, and a private placement raising net proceeds of $42.9 million. In connection with the IPO, in a private placement, the Company purchased 265,000 units of CB Pharma at $10.00 per unit. Each unit included one ordinary share, one right to receive one-tenth of an ordinary share upon consummation of a business combination and a warrant exercisable for one-half of an ordinary share at $11.50 per share upon the later of a business combination or twelve months from December 12, 2014 and expiring in five years, for an aggregate purchase price of $2.7 million. None of the ordinary shares or units purchased by the Company have liquidation rights. The Company elected the fair value option for recording this investment and valued their investment in CB Pharma in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*. The value of these ordinary shares and rights were based on the trading prices in January 2015, upon the commencement of CB Pharma's instruments trading separately. Since the insider shares are restricted through a specified period following a business combination, the "*Ghaidarov Mode* " was utilized to estimate a discount for lack of marketability with the following assumptions: risk free rate of return of 0.1%, the restriction period of approximately one year from a business combination, volatility of 9.3%, and no dividend rate; yielding an underlying value of $2.93 per ordinary share for the insider shares and $2.99 per ordinary share for the private placement units. The rights and warrants were valued utilizing a binomial-lattice model which assumes a volatility of 20.7%, a risk free rate of return of 1.68% and a strike price of $11.50 per share, and applied a probability factor (implied likelihood of a successful business combination occurring within 18 months from the IPO date) arriving at an estimated value of $0.18 for each warrant and $0.30 for each right. Based upon the valuation, the Company recorded a change in fair-value of investment of $1.2 million; increasing the fair value of the investment to $3.9 million as of December 31, 2014. At December 31, 2015, the fair value of the Company's investment in CB Pharma was $2.2 million and was valued utilizing the following assumptions: volatility of 25.6%, no dividend rate, yielding an underlying value of $9.12 per ordinary share for the insider shares, and $9.29 per ordinary share for the private placement shares. The rights and warrants were valued utilizing a binomial-lattice model which assumes a volatility of 25.6%, a risk free rate of return of 1.76% and a strike price of $11.50 per share arriving at a value of $0.88 for each right and $0.89 for a warrant. An 18.45% probability of a successful business combination was applied to the values above arriving at an estimated value of $1.67 for the insider shares, $1.70 for the private placement shares, $0.16 for each warrant and $0.17 for each right. Based upon the valuation, the Company recorded a decrease in fair-value of investment of $1.7 million during the year ended December 31, 2015. Additionally, as of November 30, 2015, CB Pharma had net assets of approximately $42.6 million. Operations since inception have been insignificant. The Company has a working capital commitment of up to $0.5 million to fund CB Pharma operations, of which $0.2 million has been paid. As of December 31, 2015, the fair value of this commitment was insignificant.

Pursuant to the Amended NSC Note (see Note 8), if a Fortress Company has the proceeds of the NSC Note transferred to it, such Fortress Company will issue a note to NSC and NSC will also receive a warrant to purchase a number of shares of the Fortress Company's stock equal to 25% of the outstanding Fortress Company note divided by the lowest price the Company sells its equity in its first third party financing. The warrants issued will have a term of 10 years and an exercise price equal to the par value of the Fortress Company's common stock. In accordance with ASC 815, Avenue and Checkpoint classified the fair value of the warrant ("Contingently Issuable Warrants") that may have been granted in connection with the $3 million of the NSC Note transferred from Fortress to Avenue on October 31, 2015 and $2.8 million of the NSC Note transferred from Fortress to Checkpoint from March 19, 2015 to August 31, 2015 as a derivative liability as there was a potential that Avenue and Checkpoint would not have a sufficient number of authorized common shares available to settle these instruments.

Avenue

The fair value of the Avenue's Contingently Issuable Warrants was determined by applying management's estimate of the probability of issuance of the Contingently Issuable Warrants together with the option pricing model, with the following key assumptions:

	February 17, 2015	December 31, 2015
Risk-free interest rate	1.97%	2.27%
Expected dividend yield	-%	-%
Expected term in years	10.00	9.84
Expected volatility	83.00%	83.00%
Probability of issuance of the warrant	25.00%	25.00%

($ in thousands)	Fair Value of Derivative Warrant Liability
Beginning balance at January 1, 2015	$ -
Recognition of derivative warrant liability	114
Fair value adjustment of derivative warrant liability	-
Ending balance at December 31, 2015	$ 114

Checkpoint

On October 30, 2015, Checkpoint issued 139,592 warrants to NSC after an initial closing of the Offering on September 30, 2015. The following table sets forth the changes in the estimated fair value for Checkpoint's Level 3 classified derivative Contingently Issuable Warrant liabilities:

($ in thousands)	Checkpoint's Contingently Issuable Warrants
Fair value at the beginning of period:	$ -
Additions	175
Change in fair value	438
Issuance of Warrants (October 30, 2015)	(613)
Fair value at end of period:	$ —

The fair value of Checkpoint's Contingently Issuable Warrants was determined at various issuance dates from March 19, 2015 to August 31, 2015 ("Issuance Dates") for $0.2 million and on October 30, 2015 for $0.6 million by applying management's estimate of the probability of issuance of the Contingently Issuable Warrants together with the option pricing model with the following key assumptions:

	Issuance Dates	October 30, 2015
Risk-free interest rate	2.26%	2.16%
Expected dividend yield	-	-
Expected term in years	10.00	10.00
Expected volatility	83%	100.86%
Probability of issuance of the warrant	25%	100%

The following tables classify into the fair value hierarchy financial instruments measured at fair value on a recurring basis on the Consolidated Balance Sheets as of December 31, 2015 and 2014:

	Fair Value Measurement as of December 31, 2015			
($ in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Long-term investments, at fair value	$ -	$ -	$ 2,485	$ 2,485
Liabilities				
Derivative warrant liability	$ -	$ -	$ 114	$ 114

	Fair Value Measurement as of December 31, 2014			
($ in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities, at fair value:				
U.S. treasury bills	$ 19,998	$ -	$ -	$ 19,998
Mutual funds	4	-		4
Total marketable securities, at fair value	20,002	-	-	20,002
Long-term investments, at fair value	-	-	4,160	4,160
Total	$ 20,002	$ -	$ 4,160	$ 24,162

The table below provides a rollforward of the changes in fair value of Level 3 financial instruments for the years ended December 31, 2014 and 2015:

	Fair Value of Investment			
	Short-term	Long-term		
($ in thousands)	Other	Other	CB Pharma	Total
Balance at December 31, 2013	$ -	$ -	$ -	$ -
Purchases	293	250	2,675	3,218
Change in fair value of investments	(293)		1,235	942
Balance at December 31, 2014	$ -	$ 250	$ 3,910	$ 4,160
Change in fair value of investments	-	-	(1,675)	(1,675)
Balance at December 31, 2015	$ -	$ 250	$ 2,235	$ 2,485

6. Licenses Acquired

CNDO-109

The Company has a license agreement with the University College London Business PLC ("UCLB") under which the Company received an exclusive, worldwide license to develop and commercialize CNDO-109 to active NK cells for the treatment of cancer-related and other conditions. In consideration for the license, the Company made upfront payments totaling $0.1 million and may be required to make future milestone payments totaling up to approximately $22 million upon the achievement of various milestones related to regulatory or commercial events. In the event that CNDO-109 is commercialized, the Company is obligated to pay to UCLB annual royalties ranging from 3% to 5% based upon various levels of net sales of the product. Under the terms of the license agreement, the Company is allowed to grant sublicenses to third parties without the prior approval of UCLB. In the event that the Company sublicenses CNDO-109 to a third party, the Company is obligated to pay to UCLB all or a portion of the royalties the Company receives from the sublicensee. Through December 31, 2015, the Company has not sub-licensed CNDO-109 to a third party.

2015 Activities

In accordance with ASC 730-10-25-1, *Research and Development*, costs incurred in obtaining technology licenses are charged to research and development expense if the technology licensed has not reached technological feasibility and has no alternative future use. The assets purchased by Avenue, Mustang, Checkpoint, Coronado SO, Helocyte and Escala require substantial completion of research and development, regulatory and marketing approval efforts in order to reach technological feasibility. As such, for the year ended December 31, 2015, the purchase price of licenses, totaling approximately $11.4 million, was classified as research and development-licenses acquired in the Consolidated Statements of Operations. For the year ended December 31, 2015, the Company's research and development-licenses acquired are comprised of the following:

($ in thousands)	**For the Year Ended December 31, 2015**
Fortress Companies:	
Avenue	$ 3,000
Mustang	2,147
Checkpoint	3,159
Coronado SO	1,607
Helocyte	200
Escala	1,295
Total	$ 11,408

Avenue Therapeutics, Inc.

License Agreement with Revogenex Ireland Ltd

In February 2015, the Company purchased an exclusive license to IV Tramadol for the U.S. market from Revogenex, a privately held company in Dublin, Ireland. Fortress made an upfront payment of $2.0 million to Revogenex upon execution of the exclusive license, which has been included in research and development-licenses acquired on the Consolidated Statements of Operations. In addition, on June 17, 2015, the Company paid an additional $1.0 million to Revogenex after receiving all the assets specified in the agreement. Under the terms of the agreement, Revogenex is eligible to receive additional milestone payments upon the achievement of certain development milestones, in addition to royalty payments for sales of the product. Tramadol is a centrally acting synthetic opioid analgesic for moderate to moderately severe pain and is available as immediate release or extended-release tablets in the United States.

The Company transferred the Revogenex license and all other rights and obligations of Fortress under the License Agreement to Avenue pursuant to the Assignment and Assumption Agreement effective as of February 17, 2015. Per the terms of the agreement, Avenue assumed $3.0 million in debt (see Note 8).

Avenue plans to initiate a Phase 3 development program of IV Tramadol for the management of post-operative pain in 2016 following a pharmacokinetics or PK study.

In March 2015, Avenue granted 150,000 shares of its common stock to two consultants for services provided. In June 2015, Avenue granted 1 million shares of its common stock to its acting Chief Executive Officer, Dr. Lucy Lu, who is also the Chief Financial Officer of Fortress, for services to be provided. Dr. Lu's grant vests 50% in four annual equal tranches of 12.5%, with the remaining 50% vesting upon the achievement of certain performance goals. In connection with these grants, for the year ended December 31, 2015, Avenue recorded approximately $29,000 as general and administrative expenses and $21,000 as research and development expenses on the Consolidated Statements of Operations (see Note 12).

Mustang Bio, Inc.

License Agreement with the City of Hope

In March 2015, Mustang entered into a license agreement with the City of Hope National Medical Center ("COH") to acquire CAR-T. Pursuant to the agreement, in April 2015, Mustang paid COH an upfront fee of $2.0 million, which is included in research and development-licenses acquired on the Consolidated Statements of Operations, and granted 1,000,000 shares of Mustang common stock to COH, with additional milestones payments due to COH upon the achievement of certain development goals and royalty payments for sales of the product. In addition, Mustang entered into a Sponsored Research Agreement with COH in which Mustang will fund continued research in the amount of $2.0 million per year, payable in four equal installments, over the next five years.

The Company valued the stock grant to COH utilizing a discounted cash flow model to determine the weighted market value of invested capital, discounted by a lack of marketability of 44.8%, weighted average cost of capital of 30%, and net of debt utilized, resulting in a value of $0.147 per share or $0.1 million on March 31, 2015. During the year ended December 31, 2015, in connection with the grant, $147,000 of expenses were included in research and development - licenses acquired on the Consolidated Statements of Operations.

Checkpoint Therapeutics, Inc.

License Agreement with Dana-Farber Cancer Institute

In March 2015, Checkpoint entered into a license agreement with Dana-Farber to develop a portfolio of fully human immuno-oncology targeted antibodies. Under the terms of the agreement, Checkpoint paid Dana-Farber an up-front licensing fee of $1.0 million and, on May 11, 2015, Checkpoint granted Dana-Farber 500,000 shares of its common stock valued at $32,500 or $0.065 per share. In September 2015, Checkpoint, pursuant to the license, granted to Dana-Farber an additional 136,803 shares of Checkpoint common stock valued at $0.6 million or $4.39 per share, all of which has been included in research and development - licenses acquired on the Consolidated Statements of Operations. Under the terms of the license agreement, Checkpoint also will pay development and sales-based milestone payments and royalties on net sales. The portfolio of antibodies licensed from Dana-Farber includes antibodies targeting PD-L1, GITR and CAIX. Checkpoint plans to develop these novel immuno-oncology and Checkpoint inhibitor antibodies on their own and in combination with each other, as data suggests that combinations of these targets can work synergistically together. Checkpoint expects clinical trials to start in the second half of 2016.

Collaboration Agreements with TG Therapeutics, Inc.

In connection with its license agreement with Dana-Farber, Checkpoint entered into a collaboration agreement with TG Therapeutics, Inc. (“TGTX”), a related party, to develop and commercialize the Anti-PD-L1 and Anti-GITR antibody research programs in the field of hematological malignancies. Under the terms of the collaboration agreement, Checkpoint retains the right to develop and commercialize these antibodies in the field of solid tumors. Both programs are currently in pre-clinical development. TGTX paid Checkpoint $0.5 million, representing an up-front licensing fee, and will make additional development and sales-based milestone payments as well as pay a tiered single digit royalty on net sales. During the year ended December 31, 2015, the Company recognized $0.6 million in revenue from its collaboration agreement with TGTX on the Consolidated Statements of Operations.

In connection with its license with NeuPharma, Checkpoint entered into an option with TGTX for $25,000, included in revenue, for a global collaboration in connection with the future development of the certain compounds licensed. The option was extended on December 17, 2015 for an additional 180 days, to June 17, 2016.

NeuPharma, Inc.

Effective March 17, 2015, the Company assigned all of its rights under its agreement with NeuPharma to develop and commercialize novel irreversible, third generation EGFR inhibitors on a worldwide basis other than certain Asian countries, to Checkpoint in exchange for debt. Under the terms of the agreement, Fortress paid NeuPharma an upfront licensing fee of $1.0 million, which is included in research and development-licenses acquired on the Consolidated Statements of Operations. Checkpoint will also make development and sales-based milestone payments and will pay a tiered single digit royalty on net sales.

On September 15, 2015, Checkpoint entered into a sponsored research agreement with NeuPharma to identify additional inhibitors with differing profiles from the licensed products. Under the terms of the agreement, Checkpoint will pay NeuPharma for specific sponsored research projects.

Teva Pharmaceutical Industries Ltd. (through its subsidiary, Cephalon, Inc.)

In December 2015, Checkpoint licensed, for $0.5 million, the exclusive worldwide rights to develop and commercialize CK-102 (formerly CEP-9722), a poly (ADP-ribose) polymerase (“PARP”) inhibitor, from Teva Pharmaceutical Industries Ltd., through its subsidiary, Cephalon, Inc. CK-102 is an oral, small molecule selective inhibitor of PARP-1 and PARP-2 enzymes in early clinical development for solid tumors. Checkpoint plans to develop CK-102 as both a monotherapy and in combination with other anti-cancer agents, including Checkpoint’s novel immuno-oncology and Checkpoint inhibitor antibodies currently in development

Coronado SO Company

License Agreement

In February 2015, Coronado SO entered into an exclusive license agreement with a third party for a topical product used in the treatment of hand-foot syndrome, a common painful side effect of chemotherapeutics. Coronado SO paid $0.9 million upfront, included in research and development-licenses acquired on the Consolidated Statements of Operations and issued a stock grant of 150,000 shares of common stock of Coronado SO. In October 2015, Coronado SO paid an additional $0.5 million which is included in research and development-licenses acquired on the Consolidated Statements of Operations. Additional milestone payments are due upon the achievement of certain development milestones and royalties will become due on sales of the product.

The Company valued the stock grant to the third party utilizing a discounted cash flow model to determine the weighted market value of invested capital, discounted by a lack of marketability of 44.8% and a weighted average cost of capital of 30%, and net of debt utilized, resulting in a value of $1.19 per share. During the year ended December 31, 2015, in connection with the grant, approximately $0.2 million of expense was included in research and development-licenses acquired on the Consolidated Statements of Operations.

Helocyte, Inc.

License Agreement with the City of Hope

On April 2, 2015, Helocyte entered into an agreement with COH to secure the exclusive license to the worldwide rights for two T-cell immunotherapeutic vaccines, known as Triplex and PepVax, for controlling CMV in HSCT and SOT recipients, for an upfront payment of $150,000. As further consideration for the license, Helocyte is to grant to COH, upon their acceptance of the terms of the grant, 500,000 shares of Helocyte common stock. Triplex and PepVax have now both entered into Phase 2 clinical studies, with PepVax expected to enroll patients later this year. Both programs are supported by grants paid and payable to COH by the National Cancer Institute. In connection with the licensing of Triplex and PepVax, Helocyte further entered into an option for exclusive worldwide rights to Pentamer, a universal immunotherapeutic vaccine being developed for the prevention of CMV transmission in utero. On April 28, 2015, Helocyte exercised the option and secured exclusive worldwide rights to the Pentamer vaccine from COH for an upfront payment of $50,000. If Helocyte successfully develops and commercializes PepVax, Triplex and Pentamer, COH will receive additional milestone and other payments. During the year ended December 31, 2015, Helocyte recorded an expense of $0.2 million in research and development-licenses acquired on the Consolidated Statements of Operations.

Escala Therapeutics, Inc.

On July 16, 2015, Escala acquired from New Zealand Pharmaceuticals Limited ("NZP") a license from the NIH and cooperative research and development agreements for the development of oral ManNAc, a key compound in the sialic biosynthetic pathway, for the treatment of hyposialylation disorders, including GNE myopathy and various forms of nephropathy. As part of this agreement, Escala provided NZP and NIH an upfront payment of approximately $1.3 million comprised of an upfront milestone payment of $0.7 million to NZP and reimbursement of $0.6 million of development costs for Phase II Myopathy and Phase I Nephropathy Clinical Trial being conducted at the NIH. Additional development and sales-based milestone payments are payable upon achievement. During the year ended December 31, 2015, Escala recorded an expense of approximately $1.3 million in research and development-licenses acquired on the Consolidated Statements of Operations.

7. Intangible Asset License

Journey Medical Corporation

In March 2015, JMC entered into a license and supply agreement to acquire the rights to distribute a dermatological product for the treatment of acne. JMC made an upfront payment of $1.3 million and will incur another fee of $0.7 million upon receipt of the product. Further payments will be made based on a revenue sharing arrangement.

The Company recorded the upfront payment as an intangible asset on the Consolidated Balance Sheets and will amortize it over the deemed life of the product or agreement (whichever is shorter) upon the commencement of sales, which the Company expects in mid-2016. The product is fully developed and FDA approved but sales cannot commence until manufacturing regulatory clearance is obtained.

8. Debt and Interest

Debt

Long-term debt to Israel Discount Bank ("IDB") and National Securities Corporation ("NSC") consists of the following as of December 31, 2015 and December 31, 2014:

	As of December 31,			
($ in thousands)	**2015**	**2014**	**Interest Rate**	**Maturity**
IDB Note	$ 14,009	$ 14,009	2.25%	Feb - 2017
NSC Note	10,000	-	8.00%	Mar - 2018
Total notes payable, long-term	24,009	14,009		
Less: Discount on notes payable	835	6		
Total notes payable, long-term, net	$ 23,174	$ 14,003		

IDB Note

On February 13, 2014, the Company executed a promissory note in favor of IDB in the amount of $15.0 million (the "IDB Note"). The Company borrowed $14 million against this note and used it to repay its prior loan from Hercules Technology Growth Capital, Inc. The Company may request revolving advances under the IDB Note in a minimum amount of $100,000 (or the remaining amount of the undrawn balance under the IDB Note if such amount is less than $100,000). All amounts advanced under the IDB Note are due in full at the earlier of: (i) February 27, 2017, as extended or (ii) on the IDB's election following the occurrence and continuation of an event of default. The unpaid principal amount of each advance shall bear interest at a rate per annum equal to the rate payable on the Company's money market account plus a margin of 150 basis points. The interest rate at December 31, 2015 was 2.25%. The IDB Note contains various representations and warranties customary for financings of this type.

The obligations of the Company under the IDB Note are collateralized by a security interest in, a general lien upon, and a right of set-off against the Company's money market account of $15.0 million pursuant to the Assignment and Pledge of Money Market Account, dated as of February 13, 2014 (the "Pledge Agreement"). Pursuant to the Pledge Agreement, the Bank may, after the occurrence and continuation of an event of default under the IDB Note, recover from the money market account all amounts outstanding under the IDB Note. The Pledge Agreement contains various representations, warranties, and covenants customary for pledge agreements of this type.

The Company will default on the IDB Note if, among other things, it fails to pay outstanding principal or interest when due. Following the occurrence of an event of default under the IDB Note, the Bank may: (i) declare the entire outstanding principal balance of the IDB Note, together with all accrued interest and other sums due under the IDB Note, to be immediately due and payable; (ii) exercise its right of setoff against any money, funds, credits or other property of any nature in possession of, under control or custody of, or on deposit with IDB; (iii) terminate the commitments of IDB; and (iv) liquidate the money market account to reduce the Company's obligations to IDB.

Effective March 31, 2015, the Company extended the maturity date of the IDB Note to February 27, 2017. At December 31, 2015, the Company had $14.0 million outstanding under its promissory note with IDB. The Company applied the 10% cash flow test pursuant to ASC 470 to calculate the difference between the present value of the amended IDB Note's cash flows and the present value of the original remaining cash flow and concluded that the results didn't exceed the 10% factor, the debt modification is not considered substantially different and did not apply extinguishment accounting, rather accounting for the modification on a prospective basis pursuant to ASC 470. The Company only pays interest on the IDB Note through maturity.

NSC Note

In March 2015, the Company closed a private placement of a promissory note for $10 million through National Securities Corporation's NSC Biotech Venture Fund I, LLC (the "NSC Note"). The Company's Chairman, President and Chief Executive Officer and the Company's Executive Vice President, Strategic Development, are Co-Portfolio Managers and Partners of Opus Point Partners Management, LLC ("OPPM"), which owns approximately 4.7% of National Holding's Corporation, Inc. the parent of National Securities Inc. The Company used the proceeds from the NSC Note to acquire medical technologies and products. The NSC Note matures in 36 months, provided that during the first 24 months the Company can extend the maturity date by six months. No principal amount is due for the first 24 months (or the first 30 months if the maturity date is extended). Thereafter, the NSC Note will be repaid at the rate of 1/12 of the principal amount per month for a period of 12 months. Interest on the note is 8% payable quarterly during the first 24 months (or the first 30 months if the note is extended) and monthly during the last 12 months. National Securities Corporation ("NSC"), a wholly owned subsidiary of National Holdings, Inc., acted as the sole placement agent for the NSC Note. The Company paid NSC a fee of $0.9 million during the year ended December 31, 2015, in connection with the NSC Note. At December 31, 2015, the Company recorded the fee as a discount to notes payable, long-term on the Consolidated Balance Sheets and amortized it over the life of the NSC Note. The effective interest rate on the NSC Note was approximately 14.0%.

The NSC Note was amended and restated on July 29, 2015 to provide that any time a Fortress subsidiary receives from the Company any proceeds from the NSC Note, the Company may, in its sole discretion, cause the Fortress Company to issue to NSC Biotech Venture Fund I LLC a new promissory note (the "Amended NSC Note") on identical terms as the NSC Note, giving effect to the passage of time with respect to maturity. The Amended NSC Note will equal the dollar amount of the Fortress Company's share of the NSC Note and reduce the Company's obligations under the NSC Note by such amount. The Company will guarantee the Amended NSC Note until the Fortress Company either completes an initial public offering of its securities or raises sufficient equity capital so that it has cash equal to five times the Amended NSC Note. As of December 31, 2015, the Company transferred $2.8 million and $3.0 million, including debt discount, of the NSC Note to Checkpoint and Avenue, respectively, representing Checkpoint's and Avenue's pro rata share of the NSC Note. The Company applied the 10% cash flow test pursuant to ASC 470 to calculate the difference between the present value of the amended NSC's Note's cash flows and the present value of the original remaining cash flow and concluded that the results didn't exceed the 10% factor, the debt modification is not considered substantially different and did not apply extinguishment accounting, rather accounting for the modification on a prospective basis pursuant to ASC 470.

In connection with the transfer of NSC Note proceeds to a Fortress Company, NSC will receive a warrant to purchase the Fortress Company's stock equal to 25% of the NSC Note proceeds transferred to that Fortress Company divided by the lowest price at which the Fortress Company sells its equity in its first third party financing. The warrants issued will have a term of 10 years and an exercise price equal to the par value of the Fortress Company's common stock.

On October 30, 2015, Checkpoint granted 139,592 warrants to NSC after an initial closing of the Offering on September 30, 2015. The warrants are immediately vested with a ten-year term, and are exercisable at $0.0001 per share. The warrant upon issuance in October 2015, was valued at approximately $0.6 million. The initial fair value of $0.2 million was recorded as debt discount and will be amortized over the remaining life of the note. The incremental fair value at the time of issuance of $0.4 million was recorded as change in fair value of subsidiary's warrant liabilities on the Consolidated Statement of Operations. Upon the grant of the warrant, the Company no longer guaranteed Checkpoint's NSC Note.

On October 31, 2015, Avenue recorded approximately $114,000 of debt discount related to the Contingently Issuable Warrants issued in connection with NSC Note, based on its fair value (see Note 5). The debt discount will be amortized over the life of the note.

Hercules Debt Agreement

In August 2012, the Company entered into a Loan and Security Agreement (the "Loan Agreement") with Hercules Technology Growth Capital, Inc. ("Hercules") pursuant to which the Company issued Hercules a $15 million note (the "Hercules Note") and received net proceeds of $ 14.7 million. The loan bore interest at a rate per annum equal to the greater of (i) 9.25% or (ii) 9.25% plus the sum of the prevailing prime rate minus 3.25%. The loan was to mature on March 1, 2016. The loan required interest-only payments for the initial 12 months and thereafter requires repayment of the principal balance with interest in 30 monthly installments. The Company had the option to extend the interest-only period for an additional six months, contingent upon the Company's achievement of certain clinical development milestones. In connection with the Loan Agreement, the Company granted first priority liens and the loan was collateralized by substantially all of the Company's assets (exclusive of intellectual property). The Loan Agreement also contains representations and warranties by the Company and Hercules and indemnification provisions in favor of Hercules and customary covenants (including limitations on other indebtedness, liens, acquisitions, investments and dividends, but no financial covenants), and events of default (including payment defaults, breaches of covenants following any applicable cure period, a material impairment in the perfection or priority of Hercules' security interest or in the collateral, and events relating to bankruptcy or insolvency). Pursuant to the Loan Agreement, Hercules had the right to participate, in an amount of up to $2,000,000, in subsequent private placements of our equity securities at the same terms and conditions, including price, as purchases by other investors. In connection with the Loan Agreement, the Company issued to Hercules a fully-vested, seven-year warrant (the "Warrant") to purchase 73,009 shares of its Common Stock at an exercise price of $5.65 per share and granted to Hercules certain "piggyback" registration rights with respect to the shares of Common Stock underlying the Warrant.

The fair value of the Warrant was calculated using the Black-Scholes option-pricing model with the following assumptions: volatility of 87.2%, an expected term equal to the contractual seven-year life of the Warrant, a risk-free interest rate of 1.1% and no dividend yield. The Company recorded the fair value of the Warrant of approximately $323,000 as equity and as a discount to the carrying value of the loan. Also, upon full repayment or maturity of the loan, Hercules is due a payment of 2.65% of the loan, or $398,000, which is recorded as a discount to the loan and as a long-term liability. Additionally, the Company incurred fees related to the Loan Agreement and reimbursed Hercules for costs incurred by them related to the loan aggregating $218,000 and which is reflected as a discount to the carrying value of the loan. The Company amortized these loan discounts totaling $939,000 to interest expense over the term of the loan using the effective interest rate method, which approximates 12.3%.

On February 13, 2014, the Company repaid the Hercules Note in full. Early Payment of the Hercules Note was $14.0 million, consisting of principal of $13.2 million, end of term charge of $ 0.4 million, a prepayment fee of $0.3 million and interest of $0.1 million.

Interest Expense

Interest expense for the years ended December 31, 2015, 2014 and 2013 was $1.5 million, $1.3 million and $1.9 million, respectively. During the years ended December 31, 2015, 2014 and 2013, interest expense related to the Hercules Note was nil, $0.9 million and $1.8 million, respectively, including nil, $0.4 million and $0.4 million related to accretion of the debt discount, and nil, $43,000, and $20,000 related to the amortization of financing costs, respectively. For the year ended December 31, 2015, interest expense incurred on the IDB Note was $0.3 million, and $5,000 related to amortization of financing costs. For the year ended December 31, 2014, interest expense incurred on the IDB Note was $0.3 million, and $4,000 related to amortization of financing costs. For the year ended December 31, 2015, interest expense incurred on the NSC Note was $0.7 million, and $0.3 million related to amortization of financing costs.

The following table shows the details of interest expense for all debt arrangements during the periods presented. Interest expense includes contractual interest and amortization of the debt discount and amortization of fees represents fees associated with loan transaction costs, amortized over the life of the loan:

	For the Years Ended December 31,		
($ in thousands)	**2015**	**2014**	**2013**
IDB Note			
Interest	$ 314	$ 292	$ -
Accretion of debt discount	5	4	-
Total IDB Note	319	296	-
NSC Debt			
Interest	690	-	-
Accretion of debt discount	309	-	-
Total NSC Debt	999	-	-
Ovamed Manufacturing Agreement			
Interest	166	154	136
Total Ovamed	166	154	136
Hercules Debt			
Interest (1)	-	845	1,767
Amortization of fees	-	43	20
Total Hercules Debt	-	888	1,787
Total Interest Expense	$ 1,484	$ 1,338	$ 1,923

(1) Interest expense related to the Company's loan with Hercules was $0.8 million and $1.7 million, including $0.4 million and $0.3 million related to accretion of the debt discount for the years ended December 31, 2014 and 2013 respectively.

9. Accrued Liabilities and other Long-Term Liabilities

In December 2012, the Company acquired certain manufacturing rights from Ovamed and agreed to pay an aggregate of $1.5 million, in three installments of $0.5 million on December 12, 2014, 2015 and 2016, respectively. As of December 31, 2015, the Company had not made any payments to Ovamed. On February 27, 2015, Ovamed, the Company's supplier and manufacturer of TSO, filed for insolvency in Germany, a process similar to U.S. bankruptcy. The accrual is recorded on the Consolidated Balance Sheets as a current accrued expense of $1.5 million as of December 31, 2015, as a result of the bankruptcy notification. This obligation was recorded at its full value; accretion of the obligation was $166,000, $154,000 and $136,000 for the year ended December 31, 2015, 2014 and 2013, respectively, and is recorded as interest expense on the Consolidated Statements of Operations (see Note 8). On April 20, 2015, the Company decided to no longer pursue the development of TSO. As a result, the Company terminated all on-going TSO trials including its Phase 2A clinical trial in pediatric patients with autism spectrum disorder. A preliminary analysis of data from this trial failed to demonstrate any signal of activity.

The Company also had a collaboration agreement with Dr. Falk Pharma ("Falk") in connection with the development of TSO. Under this agreement, Falk was to provide the Company with the Final Clinical Study Report ("CSR"). On August 3, 2015, Falk notified the Company that the CSR was complete and that access to the CSR was available. While the Company disputes the adequacy of the CSR and does not believe any payment is due to Falk, upon receipt of access to the CSR, the Company recorded a liability of €2.5 million ($2.8 million) in accrued expenses as of December 31, 2015.

Accrued expenses and other long-term liabilities consisted of the following ($ in thousands):

	As of December 31,	
	2015	2014
Accrued expenses:		
Professional fees	$ 382	$ 837
Salaries, bonuses and related benefits	2,492	598
Accrued severance	-	38
Ovamed manufacturing rights	1,500	1,000
Research and development	810	832
Dr. Falk Pharma milestone	2,717	
Lease impairment	146	165
Other	523	213
Total accrued expenses	$ 8,570	$ 3,683
Other long-term liabilities:		
Ovamed manufacturing rights – long-term component	-	334
Long-term lease abandonment charge	91	268
Deferred rent	493	120
Total other long-term liabilities	$ 584	$ 722

10. Non-Controlling Interests

Non-controlling interests in consolidated entities are as follows:

($ in thousands)	As of December 31, 2015					
	Avenue	Coronado SO	Mustang	Checkpoint	JMC	Total
NCI equity share	$ 6	$ 23	$ 14	$ 32,760	$ 79	$ 32,882
Net loss attributed to non-controlling interests	(567)	(240)	(373)	(3,855)	(420)	(5,455)
Non-controlling in interests consolidated entities	**$ (561)**	**$ (217)**	**$ (359)**	**$ 28,905**	**$ (341)**	**$ 27,427**

The components of non-controlling interests in loss of consolidated entities are as follows:

($ in thousands)	For the year ended December 31, 2015					
	Avenue	Coronado SO	Mustang	Checkpoint	JMC	Total
Non-controlling interests in loss of consolidated entities	$ (567)	$ (240)	$ (373)	$ (3,855)	$ (420)	$ (5,455)
Non-controlling ownership	11.5%	13%	10%	62.3%(1)	8.8%	

(1) Checkpoint is consolidated with Fortress' operations because Fortress maintains voting control through its ownership of Checkpoint's Class A Common Shares which provide super-majority voting rights.

11. Net Loss per Common Share

The Company calculates loss per share using the two-class method, which is an earnings allocation formula that determines earnings per share for Common Stock and participating securities, if any, according to dividends declared and non-forfeitable participation rights in undistributed earnings. Under this method, all earnings (distributed and undistributed) are allocated to Common Stock and participating securities, if any, based on their respective rights to receive dividends. Holders of restricted Common Stock were entitled to all cash dividends, when and if declared, and such dividends are non-forfeitable. The participating securities do not have a contractual obligation to share in any losses of the Company. As a result, net losses are not allocated to the participating securities for any periods presented.

Basic net loss per share is calculated by dividing the net loss by the weighted-average number of shares of Common Stock outstanding during the period, without consideration for Common Stock equivalents. Diluted net loss per share is computed by dividing the net loss by the weighted-average number of Common Stock and Common Stock equivalents outstanding for the period.

Included in Common Stock issued and outstanding as of December 31, 2015 are 6,816,321 shares of unvested restricted stock, which is excluded from the weighted average Common Stock outstanding since its effect would be dilutive.

The Company's potential dilutive securities which consist of unvested restricted stock, unvested restricted stock units, options, and warrants have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average Common Stock outstanding used to calculate both basic and diluted net loss per share is the same.

The following shares of potentially dilutive securities, weighted during the year ended December 31, 2015, have been excluded from the computations of diluted weighted average shares outstanding as the effect of including such securities would be antidilutive:

	For the Years Ended December 31,		
	2015	2014	2013
Warrants to purchase Common Stock	685,061	693,636	1,012,977
Options to purchase Common Stock	1,960,443	2,276,813	3,936,199
Unvested Restricted Stock	6,816,321	6,087,717	140,995
Unvested Restricted Stock Units	427,627	-	-
Total	9,889,452	9,058,167	5,090,171

12. Stockholders' Equity

Common Stock

The Company's Certificate of Incorporation, as amended, authorizes the Company to issue 15,000,000 shares of $0.001 par value Preferred Stock (none of which is outstanding at December 31, 2015 and 2014) and 100,000,000 shares of $0.001 par value Common Stock.

The terms, rights, preference and privileges of the Common Stock are as follows:

Voting Rights

Each holder of Common Stock is entitled to one vote per share of Common Stock held on all matters submitted to a vote of the stockholders, including the election of directors. The Company's certificate of incorporation and bylaws do not provide for cumulative voting rights.

Dividends

Subject to preferences that may be applicable to any then outstanding preferred stock, the holders of the Company's outstanding shares of Common Stock are entitled to receive dividends, if any, as may be declared from time to time by the Company's Board of Directors out of legally available funds.

Liquidation

In the event of the Company's liquidation, dissolution or winding up, holders of Common Stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of the Company's debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any outstanding shares of Preferred Stock.

Rights and Preference

Holders of the Company's Common Stock have no preemptive, conversion or subscription rights, and there is no redemption or sinking fund provisions applicable to our Common Stock. The rights, preferences and privileges of the holders of Common Stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of the Company's preferred stock that are or may be issued.

Fully Paid and Nonassessable

All of the Company's outstanding shares of Common Stock are fully paid and nonassessable.

November 2014 Share Issuance

On November 6, 2014, the Company issued an aggregate of 2,175,000 shares of its Common Stock to its Chairman, President and Chief Executive Officer, its Executive Vice Chairman, Strategic Development, a member of its Board of Directors, and an investor unaffiliated with the Company. The Company's Board of Directors and Audit Committee approved the private placement which is exempt from registration under the Securities Act of 1933, as amended pursuant to Section 4(a)(2) thereof. The shares of Company Common Stock were sold at $1.61 per share, the closing price on November 6, 2014, and resulted in aggregate cash proceeds to the Company of approximately $3.5 million.

Stock-Based Compensation

As of December 31, 2015, the Company had four equity compensation plans: the Fortress Biotech, Inc. 2007 Stock Incentive Plan (the "2007 Plan"), the Fortress Biotech, Inc. 2013 Stock Incentive Plan, as amended (the "2013 Plan"), the Fortress Biotech, Inc. 2012 Employee Stock Purchase Plan (the "ESPP") and the Fortress Biotech, Inc. Long Term Incentive Plan ("LTIP"). In 2007, the Company's Board of Directors adopted and stockholders approved the 2007 Plan authorizing the Company to grant up to 6,000,000 shares of Common Stock to eligible employees, directors, and consultants in the form of restricted stock, stock options and other types of grants. In 2015, the Company's Board of Directors and stockholders approved an increase of 7,700,000 shares for the 2013 Plan bringing the total number of shares approved under this plan to 10,000,000. In 2013, the Company's Board of Directors adopted and stockholders approved the 2013 Plan authorizing the Company to grant up to 2,300,000 shares of Common Stock to eligible employees, directors and consultants in the form of stock options, stock appreciation rights, restricted stock awards, and restricted stock unit awards

The purpose of the Company's equity compensation plans is to provide for equity awards as part of an overall compensation package of performance-based rewards to attract and retain qualified personnel. Such awards include, without limitation, options, stock appreciation rights, sales or bonuses of restricted stock, restricted stock units or dividend equivalent rights, and an award may consist of one such security or benefit, or two or more of them in any combination or alternative. Vesting of awards may be based upon the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions. An aggregate of 8,660,280 were granted under both the 2007 and 2013 plans, net of cancellations, and 7,339,720 shares were available for issuance as of December 31, 2015.

Incentive and nonstatutory stock options are granted pursuant to option agreements adopted by the plan administrator. Options generally have 10-year contractual terms and vest in three equal annual installments commencing on the grant date.

The Company estimates the fair value of stock option grants using a Black-Scholes option pricing model. In applying this model, the Company uses the following assumptions:

- *Risk-Free Interest Rate:* The risk-free interest rate is based on the yields of United States Treasury securities with maturities similar to the expected term of the options for each option group.
- *Volatility:* As the Company has a limited trading history for its Common Stock, the expected stock price volatility for its Common Stock was estimated by incorporating two years of the Company's historical volatility and the average historical price volatility for industry peers based on daily price observations over a period equivalent to the expected term of the stock option grants. Industry peers consist of several public companies in the biopharmaceutical industry similar in size, stage of life cycle and financial leverage. The Company's historical volatility is weighted with that of the peer group and that combined historical volatility is weighted 80% with a 20% weighting of the Company's implied volatility, which is obtained from traded options of the Company's stock. The Company intends to continue to consistently apply this process using the same or similar public companies until it has sufficient historical information regarding the volatility of its Common Stock that is consistent with the expected life of the options. Should circumstances change such that the identified companies are no longer similar to the Company, more suitable companies whose share prices are publicly available would be utilized in the calculation.

- *Expected Term:* Due to the limited exercise history of the Company's stock options, the Company determined the expected term based on the Simplified Method under SAB 107 and the expected term for non-employees is the remaining contractual life for both options and warrants.
- *Expected Dividend Rate:* The Company has not paid and does not anticipate paying any cash dividends in the near future.

The fair value of each option award was estimated on the grant date using the Black-Scholes option-pricing model and expensed under the straight line method. There were no stock options issued during the years ended December 31, 2015 and 2014.

The fair value for non-employee stock based awards are marked-to-market on each valuation date until vested using the Black-Scholes pricing model.

The following table summarizes the stock-based compensation expense from stock option, employee stock purchase programs and restricted Common Stock awards and warrants for the years ended December 31, 2015, 2014 and 2013 *(dollars in thousands)*:

	For the Years Ended December 31,		
($ in thousands)	**2015**	**2014**	**2013**
Employee awards	$ 8,130	$ 5,492	$ 4,867
Executive awards of Fortress Companies' stock	2,228	-	-
Non-employee awards	33	54	897
Non-employee warrants	-	-	138
Fortress Companies (1)	3,900	-	-
Total stock-based compensation expense	$ 14,291	$ 5,546	$ 5,902

(1) Consists of approximately $50,400 of Avenue's compensation expenses, approximately $3.3 million of Checkpoint's compensation expense, and approximately $597,000 of JMC's compensation expenses on stock grants for the year ended December 31, 2015.

For the years ended December 31, 2015, 2014 and 2013, $5.8 million, $1.1 million and $3.0 million was included in research and development expenses, and $8.5 million, $4.4 million and $2.9 million was included in general and administrative expenses, respectively.

Options

The following table summarizes Fortress stock option activities excluding activities related to Fortress Companies:

	Number of shares	Weighted average exercise price	Total weighted average intrinsic value	Weighted average remaining contractual life (years)
Options vested and expected to vest at December 31, 2014	2,164,365	$ 4.69	$ -	7.38
Options granted	-	-	-	-
Options exercised	(100,000)	2.15	64,000	-
Options cancelled	(285,000)	7.57	42,200	-
Options vested and expected to vest at December 31, 2015	1,779,365	$ 4.37	$ 666,396	6.32
Options vested and exercisable	1,067,168	$ 3.69	$ 633,046	5.85

As of December 31, 2015, the Company had unrecognized stock-based compensation expense related to all unvested stock options of $0.1 million, which is expected to be recognized over the remaining weighted-average vesting period of 0.1 years.

During the years ended December 31, 2015 and 2014, exercises of stock options resulted in total proceeds of approximately $0.2 million and $0.6 million, respectively.

Restricted Stock

Stock-based compensation expense from restricted stock awards and restricted stock units for the years ended December 31, 2015, 2014, 2013 was $6.9 million, $4.0 million and $66,000, respectively.

During 2014, the Company granted 4,343,692 restricted shares of its Common Stock to executives, employees and directors of the Company. The fair value of the restricted stock awards issued during 2014 of $11.6 million was estimated on the grant date using the Company's stock price on the date of grant. The 2014 restricted stock awards vest upon both the passage of time as well as meeting certain performance criteria. Restricted stock awards are expensed under the straight line method over the vesting period.

Senior Vice President ("SVP") Grant

On July 15, 2015, the Company's SVP, Biologics Operations, was granted 1.0 million restricted stock units which vest 10% immediately and an additional 10% per year over four years commencing the later of trading availability, under the Company's Insider Trading Policy, or July 15, 2015. The remaining 50% vests in accordance with the achievement of certain performance goals. As a condition of this grant, the SVP surrendered his option grant dated June 2013 for 200,000 shares. On the date of modification, the incremental value of the new award of $3.3 million plus the unamortized expense of the old award of $0.4 million yielded a value of $3.7 million to be amortized over the life of the restricted stock units. For the year ended December 31, 2015, 300,000 restricted stock units vested resulting in a charge of $1.9 million on the Consolidated Statements of Operations.

Acceleration of Grants to Former Director

On July 15, 2015, the Board of Directors accelerated the vesting of 133,000 restricted shares of Fortress common stock granted to a former member of the Board of Directors for his service on the Board through July 15, 2015. In connection with this acceleration, Fortress recorded a charge of approximately $0.4 million during 2015 on the Consolidated Statements of Operations.

Restricted Stock Unit Grant to a Current Director

On July 15, 2015, a Director joined the Board of Directors. In connection therewith, Fortress granted the Director 50,000 restricted stock units, which vest 25% per year over the next four years. At the grant date, the Director elected to defer 40,000 restricted stock units. The deferral of restricted stock units does not have any impact on the consolidated financial statements.

The following table summarizes Fortress restricted stock awards and restricted stock units activities, excluding activities related to Fortress Companies:

	Number of shares	Weighted average grant price
Unvested balance at December 31, 2014	8,287,384	$ 2.33
Restricted stock granted	200,000	3.04
Restricted stock vested	(816,449)	2.69
Restricted stock units granted	1,422,000	3.57
Restricted stock units cancelled	(10,000)	3.04
Restricted stock units vested	(325,000)	3.56
Unvested balance at December 31, 2015	8,757,935	$ 2.47

As of December 31, 2015, the Company had unrecognized stock-based compensation expense related to all unvested restricted stock awards of $5.0 million, which is expected to be recognized over the remaining weighted-average vesting period of 1.7 years. The unrecognized stock-based compensation expense related to all unvested restricted stock units was $1.6 million, which is expected to be recognized over the remaining weighted-average vesting period of 1.3 years.

Deferred Compensation Plan

On March 12, 2015, the Company's Compensation Committee approved the Deferred Compensation Plan allowing all non-employee directors the opportunity to defer all or a portion of their fees or compensation, including restricted stock and restricted stock units. During the year ended December 31, 2015, certain non-employee directors elected to defer 290,000 restricted stock awards under this plan.

Employee Stock Purchase Plan

Eligible employees can purchase the Company's Common Stock at the end of a predetermined offering period at 85% of the lower of the fair market value at the beginning or end of the offering period. The ESPP is compensatory and results in stock-based compensation expense.

On May 31, 2013, the Company issued 21,505 shares of Common Stock under the ESPP. The shares were issued at $3.88 per share, which represents 85% of the closing price of $4.56 of the Common Stock on December 3, 2012. On December 1, 2013, the Company issued 6,065 shares of Common Stock under the ESPP. The shares were issued at $1.39 per share, which represents 85% of the closing price of $1.64 of the Common Stock on November 29, 2013.

On June 2, 2014, the Company issued 7,139 shares of Common Stock under the ESPP. The shares were issued at $1.45 per share, which represents 85% of the closing price of $1.71 of the Common Stock on June 2, 2014. On December 1, 2014, the Company issued 6,841 shares of Common Stock under the ESPP. The shares were issued at $1.80 per share, which represents 85% of the closing price of $2.12 of the Common Stock on December 1, 2014.

On June 1, 2015, the Company issued 14,681 shares of Common Stock under the ESPP. The shares were issued at $1.80 per share, which represents 85% of the closing price of $2.12 of the Common Stock on December 1, 2014. On December 1, 2015, the Company issued 13,317 shares of Common Stock under the ESPP. The shares were issued at $2.41 per share, which represents 85% of the closing price of $2.84 of the Common Stock on June 1, 2015.

As of December 31, 2015, 91,192 shares have been purchased and 108,808 shares are available for future sale under the Company's ESPP. The Company recognized share-based compensation expense of $27,000, $25,000 and $46,000 for the years ended December 31, 2015, 2014 and 2013, respectively.

Warrants

The following table summarizes Fortress warrant activities, excluding activities related to Fortress Companies:

	Number of shares	Weighted average exercise price	Total weighted average intrinsic value	Weighted average remaining contractual life (years)
Outstanding as of December 31, 2014	685,061	$ 6.65	$ 90,950.00	1.53
Granted	-	-	-	-
Exercised	-	-	-	-
Cancelled	(115,226)	8.33	-	-
Outstanding as of December 31, 2015	569,835	$ 6.31	$ 120,700	1.84
Exercisable as of December 31, 2015	569,835	$ 6.31	$ 120,700	1.84

All stock-based expense in connection with these warrants has been recognized.

Long-Term Incentive Program ("LTIP")

On July 15, 2015, the stockholders approved the LTIP for the Company's Chairman, President and Chief Executive Officer, Dr. Rosenwald, and Executive Vice Chairman, Strategic Development, Mr. Weiss. The LTIP consists of a program to grant equity interests in the Company and in the Company's subsidiaries, and a performance-based bonus program that is designed to result in performance-based compensation that is deductible without limit under Section 162(m) of the Internal Revenue Code of 1986, as amended.

On July 15, 2015, the following grants of 500,000 warrants each were made to Dr. Rosenwald and Mr. Weiss for their services to the Company:

Fortress Stock	Warrant Shares	Risk Free Rate	Volatilty	Life	Exercise price	Fair Value
Mustang	1,000,000	2.36%	106.11%	10	$ 0.147	$ 135
Checkpoint	1,000,000	2.36%	106.11%	10	$ 0.129	$ 118
Avenue	1,000,000	2.36%	106.11%	10	$ 0.146	$ 134
CNDO SO	1,000,000	2.36%	106.11%	10	$ 1.190	$ 1,091
Helocyte	1,000,000	2.36%	106.11%	10	$ 0.097	$ 89
JMC	1,000,000	2.36%	106.11%	10	$ 0.650	$ 596
Escala	1,000,000	2.36%	106.11%	10	$ 0.071	$ 65

The exercise price, which approximates the fair value, was determined by the Company utilizing a discounted cash flow model to determine the weighted market value of invested capital, discounted by a lack of marketability of 44.8%, weighted average cost of capital of 30%, and net of debt utilized.

Fortress Companies

Checkpoint Therapeutics, Inc.

Checkpoint has a long term incentive plan. In March 2015, Checkpoint issued a restricted stock grant to Dr. Marasco for services in connection with its Scientific Advisory Board. Dr. Marasco was issued a grant for 1.5 million shares of Checkpoint common stock, which vest 25% on the first anniversary of the grant date and monthly thereafter for 48 months. The Company valued the restricted stock utilizing a discounted cash flow model to determine the weighted market value of invested capital, discounted by a lack of marketability of 44.8% and a weighted average cost of capital of 30%, resulting in a value of $0.065 per share on grant date. At December 31, 2015, the Company re-measured this non-employee restricted stock utilizing a market approach, based upon a third party financing. Such valuation resulted in a value of $4.39 per share utilizing a volatility of 83%, a risk free rate of return of 1.5% and a term of five years. For the year ended 2015, in connection with this grant, Checkpoint re-measured this non-employee grant and recorded expense of $3.0 million, based upon a fair value of $4.39 in research and development expenses on the Consolidated Statements of Operations.

On August 31, 2015, Checkpoint granted warrants for 100,000 shares of common stock to a Fortress employee for consulting services. Checkpoint valued the warrants of Checkpoint stock utilizing a discounted cash flow model to determine the weighted market value of invested capital, discounted by a lack of marketability of 44.1% and a weighted average cost of capital of 30%, resulting in a value of $0.129 per warrant. The warrants are immediately vested, and are exercisable at $0.129 per share. The Company recorded stock-based compensation expense of approximately $13,000 related to this warrant, which is included in research and development expenses on the Consolidated Statements of Operations.

On October 13, 2015, pursuant to the employment agreement, Checkpoint granted its President and Chief Executive Officer of Checkpoint, 1,000,000 shares of restricted stock under Checkpoint's 2015 Incentive Plan. One-third of the shares will vest in four equal annual installments beginning on October 13, 2016. The shares were valued utilizing market income and cost valuation approaches. This yielded a price per share of $4.39 utilizing a risk free rate of return of 1.5 % and expected volatility of 83%. One-third of the shares will vest in three equal annual installments based on Checkpoint's achievement of fully-diluted market capitalizations of $250 million, $500 million and $750 million, respectively. Checkpoint estimated the date of achievement and implied values per common share utilizing Monte Carlo model, which yielded implied values per restricted share of $4.26, $3.89 and $3.64, and the achievement dates of November 28, 2017, March 3, 2019 and November 2, 2019. The final third vests upon the achievement of certain milestones. For the year ended December 31, 2015, the Company recorded stock-based compensation expense of approximately $265,000 related to this stock grant, which is included in general and administrative expenses on the Consolidated Statements of Operations.

Avenue Therapeutics, Inc.

Avenue has a long term incentive program. During 2015, Avenue granted 150,000 shares of its common stock to two consultants in exchange for services provided and 1.0 million shares to its acting Chief Executive Officer, Dr. Lu, who is also Chief Financial Officer of Fortress, for services to be provided. The stock price was determined utilizing a discounted cash flow model to determine the weighted market value of invested capital, discounted by a lack of marketability of 44.8%, weighted average cost of capital of 30%, and net of debt utilized, resulting in a value of $0.146 per share. Grants issued to the consultants were fully vested. The grant issued to Dr. Lu vests 50% in four annual equal tranches of 12.5%, with the remaining 50% vesting upon the achievement of certain performance goals. In connection with these grants, for the year ended December 31, 2015, the Company recorded approximately $29,000 as general and administrative expenses and $21,000 as research and development expenses on the Consolidated Statements of Operations.

Journey Medical Corporation

On July 28, 2015, JMC granted 1,950,000 restricted stock units to its key employees. The stock price was determined utilizing a discounted cash flow model to determine the weighted market value of invested capital, discounted by a lack of marketability of 44.5%, weighted average cost of capital of 30%, and net of debt utilized, resulting in a value of $0.65 per share.

On October 19, 2015, JMC repurchased 1,250,000 shares of one employee's unvested restricted awards and replaced the shares with an option grant. On the date of modification, the fair value of the new awards was less than the old awards. Accordingly, the Company will continue to amortize the unamortized expense of the old award of $0.8 million.

	RSU Grant	Vesting Term	Vested	Forfeited	Unvested	Fair Value per Share
President	1,500,000	4	250,000	(1,250,000)	-	$ 0.650
Sales Operations Staff	450,000	4	116,666	-	333,334	$ 0.650
	1,950,000		366,666	(1,250,000)	333,334	

Expense for the year ended December 31, 2015 of approximately $597,000 was recorded in general and administrative expense on the Consolidated Statements of Operations.

Capital Raise

On September 18, 2015, Checkpoint entered into a placement agency agreement with National Securities Corporation (the "Placement Agent") relating to Checkpoint's offering, issuance and sale (the "Offering") to select institutional investors (the "Investors") of units consisting of 10,000 shares of Checkpoint's common stock, $0.0001 par value per share (the "Common Stock"), and warrants (the "Warrants") exercisable for 2,500 shares of common stock at an exercise price of $7.00 per share, for a purchase price of $50,000 per unit. Pursuant to the agreement, Checkpoint agreed to pay the Placement Agent a cash fee of 10.0% of the gross proceeds from the Offering and granted a warrant exercisable for shares of Checkpoint's common stock equal to 10% of the aggregate number of shares of Checkpoint's common stock sold in the Offering (the "Placement Agent Warrants"). In addition, Checkpoint and the Investors entered into a unit purchase agreement (the "Unit Purchase Agreement") relating to the sale of the Checkpoint's common stock and the warrants in five separate closings during the third and fourth quarter of 2015. In the aggregate, in 2015, Checkpoint closed on gross proceeds of $57.8 million, before commissions and expenses. Net proceeds from this offering were approximately $51.5 million. The financing involved the sale of Units, each consisting of 10,000 shares of common stock and a warrant exercisable for 2,500 shares of common stock at an exercise price of $7.00 per share, for a purchase price of $50,000 per Unit. The warrants have a five-year term and are only exercisable for cash. Checkpoint expects to use the net proceeds primarily for general corporate purposes, which may include financing Checkpoint's growth, developing new or existing product candidates, and funding capital expenditures, acquisitions and investments.

Following this capital raise, the Company's ownership in Checkpoint decreased to 37.7%. Since the Company's ownership of Checkpoint is through Class A Common Shares, which have super-majority voting rights, the Company maintains voting control, thereby consolidating Checkpoint.

13. Commitments and Contingencies

Operating Lease Obligations

In October 2015, the Company entered into a 5-year lease for approximately 6,100 square feet of office space in Waltham, MA at an average annual rent of approximately $214,000. The Company took occupancy of this space in January 2016.

In November 2014, JMC entered into a two-year lease for 2,295 square feet of office space in Scottsdale, AZ at an average annual rent of approximately $39,000. JMC took occupancy of this space in November 2014.

On October 3, 2014, the Company entered into a 15-year lease for office space at 2 Gansevoort Street, in New York, NY 10014 at an average annual rent of $2.7 million. Also, on October 3, 2014, the Company entered into Desk Space Agreements which can be terminated at any time, with two related parties: OPPM and TGTX, to occupy 20% and 40%, respectively, of the New York, NY office space that requires them to pay their share of the average annual rent of $0.5 million and $1.1 million, respectively. These initial rent allocations will be adjusted periodically for each party based upon actual percentage of the office space occupied. Additionally, the Company has reserved the right to execute desk space agreements with other third parties and those arrangements will also affect the cost of the lease actually borne by the Company. The Company took possession of the space in December 2015 and commenced build out of the space. The Company expects the buildout costs to approximate $5.1 million and will share the costs with OPPM and TGTX under the Desk Space Agreement. The lease was executed to further the Company's business strategy, which includes forming additional subsidiaries and/or affiliate companies. The lease is subject to early termination by the Company, or in circumstances including events of default, the landlord, and includes a five-year extension option in favor of the Company. At December 31, 2014, the Company paid $199,000 of prepaid rent and under the Desk Space Agreements, was reimbursed by OPPM and TGTX for their prorated share of this prepayment.

In April 2013, the Company entered into a three-year lease for approximately 1,500 square feet of office space in New York, NY at an average annual rent of approximately $122,000. The Company commenced occupancy of this space in May 2013. In March 2014, the Company made the decision to close the New York, NY office and commenced marketing the facility for sub-lease. In April 2014, the Company entered into a sub-lease arrangement for this New York, NY office for the remaining term of the lease, and in December 2014, the sub-tenant returned the space. As of December 31, 2015 the space has not been sublet. The lease expires in June 2016.

Pursuant to the Second Amendment and Agreement, dated as of December 21, 2012, by and between the Company and Ovamed (the "Manufacturing Agreement"), in December 2012, the Company entered into an Assignment and Assumption of Lease ("Assignment") with TSO Laboratories, Inc., a wholly owned subsidiary of Ovamed, for approximately 8,700 square feet in Woburn, MA for the purpose of establishing a manufacturing facility. Total rent expense for the five-year lease term was approximately $590,000 at an average annual rate of $118,000. As of December 31, 2013, the Company had spent $373,000 in leasehold improvement costs associated with this lease. In March 2014, the Company abandoned its plans to build out the Woburn, MA manufacturing facility. As a result, the Company commenced marketing the facility for sub-lease. As of December 31, 2015, the space has not been sublet, and the company continues to seek a sub-tenant.

During the year ended December 31, 2014, the Company recognized impairment expense as a result of its decision to abandon the buildout of a manufacturing facility of approximately $0.7 million, which is included in research and development expenses. Expense related to the year ended December 31, 2014 was composed of $0.7 million related to the decision to delay manufacturing of TSO in the Woburn, MA facility, which included future rent payments of $0.3 million through the lease termination date of February 2018, offset by $0.1 million of rental income from a probable sublease, and $0.4 million related to the write-down, to its estimated net realizable value, of its long-lived assets. The Company also recognized $0.1 million in expense related to a sub-lease for the Company's New York, NY office space effective May 1, 2014 through the termination of the lease in May 2016.

In July 2012, the Company entered into a five-year lease for approximately 3,200 square feet of office space in Burlington, MA at an average annual rent of approximately $94,000. The Company took occupancy of this space in October 2012. In January 2015, the Company exercised the early termination option, whereby reducing the term of this lease to three years. The Company paid $82,000 to exercise this option in January 2015. The Company vacated the space in October 2015.

Total future minimum lease payments under these leases are:

($ in thousands)	
2016	$ 2,791
2017	2,779
2018	2,714
2019	2,733
2020	2,775
Beyond	28,403
Total minimum lease payments	$ 42,195

The Company recognizes rent expense on a straight-line basis over the non-cancellable lease term. Rent expense for the years ended December 31, 2015, 2014 and 2013 was $354,000, $354,000, and $284,000, respectively.

Indemnification

In accordance with its certificate of incorporation, bylaws and indemnification agreements, the Company has indemnification obligations to its officers and directors for certain events or occurrences, subject to certain limits, while they are serving at the Company's request in such capacity. There have been no claims to date, and the Company has director and officer insurance to address such claims. Pursuant to agreements with clinical trial sites, the Company provides indemnification to such sites in certain conditions.

Legal Proceedings

In the ordinary course of business, the Company and its subsidiaries may be subject to both insured and uninsured litigation. Suits and claims may be brought against the Company by customers, suppliers, partners and/or third parties (including tort claims for personal injury arising from clinical trials of the Company's product candidates and property damage) alleging deficiencies in performance, breach of contract, etc., and seeking resulting alleged damages.

In 2015, Ovamed GmbH ("Ovamed") began insolvency proceedings in Germany. In connection with these proceedings, the Regional Court of Hamburg has issued a judgment against Fortress in the amount of approximately $1.0 million. We are currently evaluating the enforceability of the judgment.

14. Employee Benefit Plan

On January 1, 2008, the Company adopted a defined contribution 401(k) plan which allows employees to contribute up to a percentage of their compensation, subject to IRS limitations and provides for a discretionary Company match up to a maximum of 4% of employee compensation. For the years ended December 31, 2015, 2014 and 2013, the Company paid a matching contribution of $118,000, $83,000 and $107,000, respectively.

15. Related Party Transactions

Other Related Parties

The Company's Chairman, President and Chief Executive Officer, individually and through certain trusts over which he has voting and dispositive control, beneficially owned approximately 12.2% and 12.4% of the Company's issued and outstanding Common Stock as of December 31, 2015 and 2014. The Company's Executive Vice Chairman, Strategic Development individually owns approximately 14.8% and 14.9% of the Company's issued and outstanding Common Stock at December 31, 2015 and 2014.

Service Agreement with Opus Point Management Partners, LLC

On April 3, 2014, the Company entered into a Shared Services Agreement with OPPM in which the parties agreed to share a rented facility as well as costs for certain services, which they individually require for the operation of their respective entities. The Company's Chairman, President and Chief Executive Officer and the Company's Executive Vice President, Strategic Development, are both Co-Portfolio Managers and Partners of OPPM. The Company incurred expense of approximately $24,000 and $141,000 for the years ended December 31, 2015 and 2014, respectively. The agreement can be terminated by either party with thirty days' notice. In September 2014, the Company entered into a desk share agreement with OPPM. In connection with this agreement OPPM has paid us $54,200 for reimbursement of costs related to the build-out of the new office.

Shared Services Agreement with TGTX

In September 2014, the Company entered into a desk share agreement with TGTX. The Company's Executive Vice Chairman, Strategic Development, is Executive Chairman and Interim Chief Executive Officer of TGTX. In connection with the desk share agreement we have received payment of $101,200 and have a receivable of approximately $104,000 related to the design and buildout of the new office. Under the terms of the Agreement, TGTX will share costs associated with this facility, which is expected to be occupied during the first half of 2016. Additionally, in July 2015, TGTX and the Company entered into an arrangement to share the cost of a research and development employee. The salary and benefit costs associated with this employee are allocated based on hours worked in connection with TGTX projects. The Company received payments of $74,100 in 2015 and no payments were received in 2014 related to these two arrangements. As of December 31, 2015, the Company has a receivable of approximately $36,000 related to these agreements recorded on the Consolidated Balance Sheets.

Checkpoint Collaboration Agreement with TGTX

In connection with the license agreement with Dana-Farber, Checkpoint entered into a collaboration agreement with TGTX to develop and commercialize the Anti-PD-L1 and Anti-GITR antibody research programs in the field of hematological malignancies. In connection with this Agreement, TGTX paid Checkpoint an upfront fee of $0.5 million, recorded as revenue during the year ended December 31, 2015 (see Note 6).

Further in connection with the NeuPharma license, Checkpoint entered into an option agreement with TGTX for $25,000, included in revenue, for a global collaboration in connection with the future development of the certain compounds licensed. In December 2015, the option was extended for 180 days to July 17, 2016.

Founders Agreement and Management Services Agreement with Checkpoint

Effective March 17, 2015, the Company entered into a Founders Agreement with Checkpoint pursuant to which the Company assigned to Checkpoint all of its right and interest (i) under the Company's license agreement for the EGFR inhibitors and (ii) to a license agreement currently under negotiation, as set forth in the Founders Agreement. As consideration for the Founders Agreement, Checkpoint assumed $2.8 million in debt that the Company accumulated under the NSC Note (see Note 8) for expenses and costs of forming Checkpoint and obtaining the Dana-Farber Antibodies and the EGFR inhibitors. As additional consideration for the transfer of rights under the Founders Agreement, Checkpoint will also: (i) issue annually to the Company, on the anniversary date of the Founders Agreement, shares of Checkpoint common stock equal to two and one half percent (2.50%) of the fully-diluted outstanding equity of Checkpoint at the time of issuance; (ii) pay an equity fee in shares of Checkpoint common stock, payable within five (5) business days of the closing of any equity or debt financing for Checkpoint or any of its respective subsidiaries that occurs after the effective date of the Founders Agreement and ending on the date when the Company no longer has majority voting control in Checkpoint's voting equity, equal to 2.25% of the gross amount of any such equity or debt financing; and (iii) pay a cash fee equal to 4.5% of its annual net sales, payable on an annual basis, within 90 days of the end of each calendar year. In the event of a change in control (as defined in the Founders Agreement), the Company will pay a one-time change in control fee equal to five times (5x) the product of (i) monthly net sales for the 12 months immediately preceding the change in control and (ii) 4.5%.

Effective as of March 17, 2015, the Company entered into a Management Services Agreement (the "MSA") with Checkpoint and each of Checkpoint's current directors and officers who are directors or officers of the Company to provide services to Checkpoint pursuant to the terms of the MSA. Pursuant to the terms of the MSA, for a period of five (5) years, the Company will render advisory and consulting services to Checkpoint. Services provided under the MSA may include, without limitation, (i) advice and assistance concerning any and all aspects of Checkpoint's operations, clinical trials, financial planning and strategic transactions and financings and (ii) conducting relations on behalf of Checkpoint with accountants, attorneys, financial advisors and other professionals (collectively, the "Services"). Checkpoint is obligated to utilize clinical research services, medical education, communication and marketing services and investor relations/public relation services of companies or individuals designated by Fortress, provided those services are offered at market prices. However, Checkpoint is not obligated to take or act upon any advice rendered from Fortress and Fortress shall not be liable for any of Checkpoint's actions or inactions based upon their advice. Fortress and its affiliates, including all members of Checkpoint's Board of Directors, have been contractually exempt from fiduciary duties to Checkpoint relating to corporate opportunities. In consideration for the Services, the Company will pay Fortress an annual consulting fee of $0.5 million (the "Annual Consulting Fee"), payable in advance in equal quarterly installments on the first business day of each calendar quarter in each year, provided, however, that such Annual Consulting Fee shall be increased to $1.0 million for each calendar year in which Checkpoint has net assets in excess of $100 million at the beginning of the calendar year.

Founders Agreement and Management Services Agreement with Avenue

Effective as of February 17, 2015, the Company entered into a Founders Agreement with Avenue pursuant to which the Company assigned to Avenue all of its right and interest under the Company's license agreement with Revogenex for IV Tramadol. As consideration for the Founders Agreement, Avenue assumed $3.0 million in debt that the Company accumulated under the NSC Note (see Note 8) for expenses and costs of forming Avenue and obtaining IV Tramadol license, of which $3.0 million represents the acquisition of the License Agreement. As additional consideration for the transfer of rights under the Founders Agreement, Avenue will also: (i) issue annually to the Company, on the anniversary date of the Founders Agreement, shares of common stock equal to 2.25% of the fully-diluted outstanding equity of Avenue at the time of issuance; (ii) pay an equity fee in shares of Avenue common stock, payable within five (5) business days of the closing of any equity or debt financing for Avenue or any of its respective subsidiaries that occurs after the effective date of the Founders Agreement and ending on the date when Fortress no longer has majority voting control in Avenue's voting equity, equal to two

and one half percent (2.50%) of the gross amount of any such equity or debt financing; and (iii) pay a cash fee equal to four and one half percent (4.5%) of our annual net sales, payable on an annual basis, within ninety (90) days of the end of each calendar year. In the event of a change in control (as it is defined in the Founders Agreement), the Company will pay a one-time change in control fee equal to five (5x) times the product of (i) monthly net sales for the twelve (12) months immediately preceding the change in control and (ii) four and one-half percent (4.5%).

Effective as of February 17, 2015, the Company entered into a Management Services Agreement (the "MSA") with Avenue and each of Avenue's current directors and officers who are directors or officers of the Company to provide services to Avenue pursuant to the terms of the MSA. Pursuant to the terms of the MSA, for a period of five (5) years, the Company will render advisory and consulting services to Avenue. Services provided under the MSA may include, without limitation, (i) advice and assistance concerning any and all aspects of Avenue's operations, clinical trials, financial planning and strategic transactions and financings and (ii) conducting relations on behalf of Avenue with accountants, attorneys, financial advisors and other professionals (collectively, the "Services"). Avenue is obligated to utilize clinical research services, medical education, communication and marketing services and investor relations/public relation services of companies or individuals designated by Fortress, provided those services are offered at market prices. However, Avenue is not obligated to take or act upon any advice rendered from Fortress and Fortress shall not be liable for any of Avenue's actions or inactions based upon their advice. Fortress and its affiliates, including all members of Avenue's Board of Directors, have been contractually exempt from fiduciary duties to Avenue relating to corporate opportunities. In consideration for the Services, the Company will pay Fortress an annual consulting fee of $0.5 million (the "Annual Consulting Fee"), payable in advance in equal quarterly installments on the first business day of each calendar quarter in each year, provided, however, that such Annual Consulting Fee shall be increased to $1.0 million for each calendar year in which Avenue has net assets in excess of $100 million at the beginning of the calendar year.

CB Pharma Acquisition Corp.

The Company has committed to provide working capital of up to $0.5 million to CB Pharma Acquisition Corp. At December 31, 2015 and December 31, 2014, the Company has funded $0.2 million and nil, respectively, of this commitment.

Chord Advisors, LLC

In May 2015, we entered into a full service consulting agreement with Chord Advisors, LLC ("Chord") to provide advisory accounting services to us. Under the terms of the agreement, we pay Chord $10,000 per month to provide technical accounting and financial reporting support. Either party upon 30-days written notice can terminate the agreement. Mr. Horin, Managing Partner of Chord serves as Interim Chief Financial Officer, to Avenue and Checkpoint. Pursuant to the agreements with Avenue and Checkpoint, Chord receives $5,000 per month for Avenue and $7,500 per month for Checkpoint to provide back office accounting support and accounting policy and financial reporting services, including the services of Mr. Horin.

16. Income Taxes

The Company has incurred net operating losses since inception. The Company has not reflected any benefit of such net operating loss carryforwards ("NOL") in the accompanying consolidated financial statements and has established a full valuation allowance of $66.7 million against its deferred tax assets.

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating losses and tax credit carryforwards.

The significant components of the Company's deferred tax assets consisted of the following:

	As of December 31,	
	2015	2014
Deferred tax assets:		
Net operating loss carryforwards	$ 54,249	$ 38,974
Amortization of up-front fees	4,442	2,668
Amortization of in-process R&D	599	525
Stock compensation	8,158	4,512
Accruals and reserves	210	518
Tax Credits	4,583	3,856
Unrealized loss on investments	358	-
Total deferred tax assets	72,599	51,053
Less valuation allowance	(66,730)	(50,567)
Net deferred tax assets	$ 5,869	$ 486
Deferred tax liabilities:		
Unrealized gain on investment	$ -	$ (486)
Basis in subsidiary	(5,869)	
Total deferred tax assets, net	$ -	$ -

A reconciliation of the statutory tax rates and the effective tax rates is as follows:

	For the Year Ended December 31,		
	2015	2014	2013
Percentage of pre-tax income:			
U.S. federal statutory income tax rate	35%	35%	35%
State taxes, net of federal benefit	5%	5%	4%
Credits	1%	6%	4%
Non-deductible items	-%	(1)%	(2)%
Other	-%	-%	(1)%
Change in valuation allowance	(44)%	(45)%	(40)%
Change in subsidiary basis	3%	-%	-%
Effective income tax rate	-%	-%	-%

Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. Management has considered the Company's history of cumulative net losses incurred since inception and concluded that it is more likely than not that the Company will not realize the benefits of the net deferred tax assets. Accordingly, a full valuation allowance has been established against the net deferred tax assets as of December 31, 2015 and 2014. Management reevaluates the positive and negative evidence at each reporting period.

At December 31, 2015, the Company had federal net operating loss carryforwards of $141.0 million which expire beginning in the year 2026 and state net operating loss carryforwards of $100.5 million which expire beginning in the year 2023.

ASC 740 requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. After consideration of all the evidence, both positive and negative, management has determined that approximately $66.7 million valuation allowance at December 31, 2015 is necessary to reduce the net deferred tax assets to the amount that will more likely than not be realized. The valuation allowance changed by a net $16.2 million during the current year. An increase in valuation allowance of $23.7 million was recorded in deferred tax expense and a reduction in the valuation allowance of $7.5 million related to the non-controlling interest in subsidiaries was recorded in Additional Paid-In Capital.

Utilization of the net operating loss carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended (the "IRC"), and similar state provisions. The Company recently performed a detailed analysis under Section 382 of the IRC to determine whether any ownership changes had occurred. The effect of an ownership change would be the potential imposition of annual limitations on the use of net operating loss carryforwards attributable to periods before the change. The detailed analysis confirmed that Section 382 ownership changes occurred on April 26, 2010 and June 27, 2012, causing an annual limitation on the utilization of net loss carryforwards. Based on the analysis of the net loss carryforwards subject to the annual limitation, the Company has concluded that the annual limitation would not prevent the Company from utilizing all of its net loss carryforwards before expiration. Approximately $0.5 million of the federal net operating loss carryforward and $0.3 million of the state net operating loss carryforward will result in an increase to additional paid-in capital if and when these carryforwards are used to reduce federal and state income taxes payable.

As of December 31, 2015, the Company had no unrecognized tax benefits and does not anticipate any significant change to the unrecognized tax benefit balance. The Company would classify interest and penalties related to uncertain tax positions in income tax expense, if applicable. There was no interest expense or penalties related to unrecognized tax benefits recorded through December 31, 2015. The tax years 2007 through 2015 remain open to examination by one or more major taxing jurisdictions to which the Company is subject due to the net operating loss carried forward. In December 2015, Checkpoint Therapeutics experienced an ownership change as a result of an issuance of its common stock. Utilization of the Checkpoint's net operating loss may be subject to a substantial annual limitation due to ownership change limitations set forth in Internal Revenue Code Section 382 and similar state provisions. Associated with the stock issuance, a deferred tax liability of $7.5 million was recorded.

17. Subsequent Events

In February 2016, Checkpoint repaid its NSC Debt of $2.8 million.

In January 2016, JMC entered into a product license and supply agreement with a third party to distribute a topical cream to promote wound healing for surgical treatments such as cryosurgery, Mohs surgery and biopsies. Also in January 2016, JMC entered into a distribution agreement with a third party to distribute an emollient for the treatment of Eczema. Both products will be sold under the JMC name.

In February 2016, Helocyte paid $1.0 million to enter into a Clinical Trial Agreement with the City of Hope National Medical Center, to support a Phase 2 clinical study of its Triplex vaccine for CMV control in allogeneic stem cell transplant recipients. The Phase 2 study is additionally supported by grants from the National Institutes of Health / National Cancer Institute. Helocyte expects data to emerge from this Phase 2 clinical study in the first half of 2017.

18. Selected Quarterly Financial Data (Unaudited)

The following table contains quarterly financial information for fiscal years 2015 and 2014. The Company believes that the following information reflects all normal recurring adjustments necessary for a fair statement of the information for the periods presented.

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2015				
Total Revenue	$ 500	$ -	$ 25	$ 338
Operating expenses	$ (12,571)	$ (7,762)	$ (18,097)	$ (12,964)
Other income/(expense)	$ (464)	$ 1,344	$ (1,783)	$ (2,449)
Non controlling interests	$ 479	$ 243	$ 1,694	$ 3,039
Net loss attributable to common stockholders	$ (12,056)	$ (6,175)	$ (18,161)	$ (12,036)
Basic and diluted net loss per common share	$ (0.31)	$ (0.16)	$ (0.46)	$ (0.30)
2014				
Operating expenses	$ (6,582)	$ (4,763)	$ (4,346)	$ (4,961)
Other income/(expense)	$ (788)	$ 52	$ (246)	$ 1,248
Net loss	$ (7,370)	$ (4,711)	$ (4,592)	$ (3,713)
Basic and diluted net loss per common share	$ (0.21)	$ (0.13)	$ (0.13)	$ (0.10)

SIGNATURES

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

Fortress Biotech, Inc.

By: /s/ Lindsay A. Rosenwald, M.D.
Name: Lindsay A. Rosenwald, M.D.
Title: Chairman, President and Chief Executive Officer
March 15, 2016

POWER OF ATTORNEY

We, the undersigned directors and/or executive officers of Fortress Biotech, Inc., hereby severally constitute and appoint Lindsay A. Rosenwald, M.D., acting singly, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing necessary or appropriate to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby approving, ratifying and confirming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ Lindsay A. Rosenwald, M.D. Lindsay A. Rosenwald, M.D.	Chairman of the Board of Directors, President and Chief Executive Officer (*principal executive officer*)	March 15, 2016
/s/ Lucy Lu, M.D. Lucy Lu, M.D.	Executive Vice President and Chief Financial Officer (*principal financial officer*)	March 15, 2016
/s/ Eric K. Rowinsky, M.D. Eric K. Rowinsky, M.D.	Vice Chairman of the Board of Directors	March 15, 2016
/s/ Michael S. Weiss Michael S. Weiss	Executive Vice Chairman, Strategic Development and Director	March 15, 2016
/s/ Jimmie Harvey, Jr., M.D. Jimmie Harvey, Jr., M.D.	Director	March 15, 2016
/s/ Malcolm Hoenlein Malcolm Hoenlein	Director	March 15, 2016
/s/ Dov Klein Dov Klein	Director	March 15, 2016
/s/ J. Jay Lobell J. Jay Lobell	Director	March 15, 2016

EXHIBIT 21.1

SUBSIDIARIES OF FORTRESS BIOTECH, INC.

Subsidiaries of Fortress Biotech, Inc. at December 31, 2015:

- Avenue Therapeutics, Inc.
- CB Securities Corporation
- Checkpoint Therapeutics, Inc.
- Coronado SO Co.
- Cyprium, Inc.
- Escala Therapeutics, Inc., formerly Altamira Biosciences, Inc.
- Helocyte, Inc., formerly DiaVax Biosciences, Inc.
- Innmune Limited
- Journey Medical Corporation
- Mustang Bio, Inc.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Fortress Biotech, Inc. (formerly Coronado Biosciences, Inc.) on Form S-3 (Nos. 333-183943 and 333-189935) and Form S-8 (No. 333-184616, 333-194588 and 333-206645) of our report dated March 15, 2016, on our audits of the consolidated financial statements as of December 31, 2015 and 2014 and for each of the years in the two year period ended December 31, 2015, and the effectiveness of internal control over financial reporting as of December 31, 2015, which reports are included in this Annual Report on Form 10-K to be filed on or about March 15, 2016.

/s/ EisnerAmper LLP

New York, New York
March 15, 2016

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-184616, 333-194588 and 333-206645) and Form S-3 (Nos. 333-183943 and 333-189935) of Fortress Biotech, Inc. (formerly known as Coronado Biosciences, Inc.) of our report dated March 14, 2014 relating to the financial statements which appear in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
March 15, 2016

EXHIBIT 31.1

CERTIFICATION PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lindsay A. Rosenwald, M.D. certify that:

(1) I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015 of Fortress Biotech, Inc. (the registrant);

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

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

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

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

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

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

(d) disclosed in the report any change in 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 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.

Dated: March 15, 2016

By: /s/ Lindsay A. Rosenwald, M.D.
Lindsay A. Rosenwald, M.D.
Chairman, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lucy Lu, certify that:

(1) I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015 of Fortress Biotech, Inc. (the registrant);

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

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

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

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

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

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

(d) disclosed in the report any change in 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.

Dated: March 15, 2016

By: /s/ Lucy Lu
Lucy Lu
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Fortress Biotech, Inc. (the "Company") for the period ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lindsay A. Rosenwald, M.D., Chairman, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Dated: March 15, 2016

By: /s/ Lindsay A. Rosenwald, M.D.
Lindsay A. Rosenwald, M.D.

Chairman, President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Fortress Biotech, Inc. (the "Company") for the period ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lucy Lu, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Dated: March 15, 2016

By: /s/ Lucy Lu
Lucy Lu
Chief Financial Officer

Exhibit 99.1

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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended November 30, 2015

☐ **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 **001-36757**

CB PHARMA ACQUISITION CORP.
(Exact Name of Registrant as Specified in Its Charter)

Cayman Islands	**N/A**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
3 Columbus Circle **15th Floor** **New York, NY**	**10019**
(Address of Principal Executive Offices)	(Zip Code)

(781) 652-4500
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Name of each exchange on which registered
Ordinary Shares, par value $0.0001 per share	The NASDAQ Stock Market LLC
Redeemable Warrants, each to purchase one half of one Ordinary Share	The NASDAQ Stock Market LLC
Rights, each exchangeable into one tenth of one Ordinary Share	The NASDAQ Stock Market LLC
Units, each consisting of one Ordinary Share, one Redeemable Warrant and one Right	The NASDAQ Stock Market LLC

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

None

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☒ No ☐

As of May 31, 2015, the aggregate market value of the ordinary shares held by non-affiliates of the registrant was approximately $41,619,060 (based on a closing price of $9.86 per share on May 29, 2015, the last trading day prior to May 31, 2015).

As of February 29, 2016, there were 5,536,000 ordinary shares, $.0001 par value per share, outstanding.

Documents Incorporated by Reference: None.

PART I

ITEM 1. BUSINESS

CB Pharma Acquisition Corp. (the "Company" or "we") is a blank check company formed on August 26, 2014 for the purpose of entering into a merger, share exchange, asset acquisition, share purchase, recapitalization, reorganization or similar business combination with one or more businesses or entities. The Company's efforts in identifying a prospective target business are not limited to a particular industry or geographic region of the world although the Company is currently focusing on target businesses in North America, Europe, South America and Asia operating in the specialty pharma and generic drug industries. This could include our acquiring a company holding the rights to a drug approved by the United States Food and Drug Administration or other "branded" pharmaceutical product.

On December 12, 2014, we closed our initial public offering of 4,000,000 units with each unit consisting of one ordinary share, par value $.0001 per share ("Ordinary Share"), one right ("Right") to receive one-tenth of one Ordinary Share upon consummation of an initial business combination and one redeemable warrant ("Warrant") entitling the holder to purchase one-half of one Ordinary Share at a price of $11.50 per full share commencing on our completion of an initial business combination. Simultaneous with the consummation of the initial public offering, we consummated the private placement of 285,000 private Units ("Private Placement Units") at a price of $10.00 per Private Placement Unit, generating total proceeds of $2,850,000. Of the Private Placement Units, 265,000 were purchased by Fortress Biotech, Inc. ("Fortress"), formerly known as Coronado Biosciences, Inc., an affiliate of the Company's executive officers and the holder of a majority of the Company's ordinary shares prior to the initial public offering, and 20,000 were purchased by EarlyBirdCapital, Inc. ("EBC"), the representative of the underwriters in the initial public offering.

On December 24, 2014, we consummated the sale of an additional 200,000 units upon the exercise of the over-allotment option. The units from the initial public offering (including the over-allotment option) were sold at an offering price of $10.00 per unit, generating total gross proceeds of $42,000,000. In a private sale that took place simultaneously with the consummation of the exercise of the over-allotment option, EBC purchased an additional 1,000 Private Placement Units at $10.00 per unit for a total consideration of $10,000.

As previously reported, in November 2015, we submitted to the board of directors of National Holdings Corporation ("National") a non-binding proposal to acquire all the outstanding shares of common stock of National. National's board of directors acknowledged receipt of the non-binding proposal and the parties entered into discussions with each other regarding such a transaction. The parties have since terminated these discussions due to National's reluctance to enter into a transaction with our company as a result of some of the restrictions and risks inherent in dealing with a publicly-traded special purpose acquisition company like our company. As a result, we will not be proceeding with this potential transaction and will instead resume our search for other target businesses as described in this Form 10-K. Certain companies affiliated with our officers and directors continue to engage in discussions with National with respect to a potential business combination between them and it is possible that they will enter into a transaction at a later time.

Competitive Advantages

We believe our competitive strengths to be the following:

Status as a Public Company

We believe our structure will make us an attractive business combination partner to target businesses. As an existing public company, we offer a target business an alternative to the traditional initial public offering through a merger or other business combination. In this situation, the owners of the target business would exchange their shares in the target business for our shares or for a combination of shares and cash, allowing us to tailor the consideration to the specific needs of the sellers. We believe target businesses might find this method a more certain and cost effective method to becoming a public company than the typical initial public offering. In a typical initial public offering, there are additional expenses incurred in marketing, roadshow and public reporting efforts that will likely not be present to the same extent in connection with a business combination with us. Furthermore, once the business combination is consummated, the target business will have effectively become public, whereas an initial public offering is always subject to the underwriters' ability to complete the offering as well as general market conditions that could prevent the offering from occurring. Once public, we believe the target business would then have greater access to capital and an additional means of providing management incentives consistent with stockholders' interests than it would have as a privately-held company. It can offer further benefits by augmenting a company's profile among potential new customers and vendors and aid in attracting talented employees.

While we believe that our status as a public company will make us an attractive business partner, some potential target businesses may view the inherent limitations in our status as a blank check company as a deterrent and may prefer to effect a business combination with a more established entity or with a private company.

Financial Position

With funds held in trust available for our initial business combination in the amount of $42,873,844 as of November 30, 2015, we offer a target business a variety of options such as providing the owners of a target business with shares in a public company and a public means to sell such shares, providing cash for stock, and providing capital for the potential growth and expansion of its operations or strengthening its balance sheet by reducing its debt ratio. Because we are able to consummate our initial business combination using our cash, debt or equity securities, or a combination of the foregoing, we have the flexibility to use the most efficient combination that will allow us to tailor the consideration to be paid to the target business to fit its needs and desires. However, since we have no specific business combination under consideration, we have not taken any steps to secure third party financing and it may not be available to us.

Effecting a Business Combination

General

We are not presently engaged in, and we will not engage in, any substantive commercial business for an indefinite period of time. We intend to utilize cash derived from the proceeds of our initial public offering and the private placement of Private Placement Units, our share capital, debt or a combination of these in effecting a business combination. Although substantially all of the net proceeds of the initial public offering and the private placement of Private Placement Units are intended to be applied generally toward effecting a business combination, the proceeds are not otherwise being designated for any more specific purposes. A business combination may involve the acquisition of, or merger with, a company which does not need substantial additional capital but which desires to establish a public trading market for its shares, while avoiding what it may deem to be adverse consequences of undertaking a public offering itself. These include time delays, significant expense, loss of voting control and compliance with various Federal and state securities laws. In the alternative, we may seek to consummate a business combination with a company that may be financially unstable or in its early stages of development or growth. While we may seek to effect simultaneous business combinations with more than one target business, we will probably have the ability, as a result of our limited resources, to effect only a single business combination.

Sources of Target Businesses

We anticipate that target business candidates will be brought to our attention from various unaffiliated sources, including investment bankers, venture capital funds, private equity funds, leveraged buyout funds, management buyout funds and other members of the financial community. Target businesses may be brought to our attention by such unaffiliated sources as a result of being solicited by us through calls or mailings. These sources may also introduce us to target businesses they think we may be interested in on an unsolicited basis, since many of these sources will have read this prospectus and know what types of businesses we are targeting. Our officers and directors, as well as their respective affiliates, may also bring to our attention target business candidates that they become aware of through their business contacts as a result of formal or informal inquiries or discussions they may have, as well as attending trade shows or conventions. To the extent we engage the services of professional firms or other individuals that specialize in business acquisitions on any formal basis, we may pay a finder's fee, consulting fee or other compensation to be determined in an arm's length negotiation based on the terms of the transaction. In no event, however, will any of our existing officers, directors, special advisors or initial shareholders, or any entity with which they are affiliated, be paid any finder's fee, consulting fee or other compensation prior to, or for any services they render in order to effectuate, the consummation of a business combination (regardless of the type of transaction). If we decide to enter into a business combination with a target business that is affiliated with our officers, directors or initial shareholders, we will do so only if we have obtained an opinion from an independent investment banking firm that the business combination is fair to our unaffiliated shareholders from a financial point of view.

Selection of a Target Business and Structuring of a Business Combination

Subject to the limitations that a target business have a fair market value of at least 80% of the balance in the trust account (excluding taxes payable on the income earned on the trust account) at the time of the execution of a definitive agreement for our initial business combination, as described below in more detail, our management will have virtually unrestricted flexibility in identifying and selecting a prospective target business. We have not established any other specific attributes or criteria (financial or otherwise) for prospective target businesses. In evaluating a prospective target business, our management may consider a variety of factors, including one or more of the following:

- financial condition and results of operation;
- growth potential;
- experience and skill of management and availability of additional personnel;
- capital requirements;
- competitive position;
- barriers to entry;
- stage of development of its products, processes or services;
- degree of current or potential market acceptance of the products, processes or services;
- proprietary features and degree of intellectual property or other protection for its products, processes or services;
- costs associated with effecting the business combination.

We believe such factors will be important in evaluating prospective target businesses, regardless of the location or industry in which such target business operates. However, this list is not intended to be exhaustive. Furthermore, we may decide to enter into a business combination with a target business that does not meet these criteria and guidelines.

Any evaluation relating to the merits of a particular business combination will be based, to the extent relevant, on the above factors as well as other considerations deemed relevant by our management in effecting a business combination consistent with our business objective. In evaluating a prospective target business, we will conduct an extensive due diligence review which will encompass, among other things, meetings with incumbent management and inspection of facilities, as well as review of financial and other information which is made available to us. This due diligence review will be conducted either by our management or by unaffiliated third parties we may engage, although we have no current intention to engage any such third parties.

The time and costs required to select and evaluate a target business and to structure and complete the business combination cannot presently be ascertained with any degree of certainty. Any costs incurred with respect to the identification and evaluation of a prospective target business with which a business combination is not ultimately completed will result in a loss to us and reduce the amount of capital available to otherwise complete a business combination.

Fair Market Value of Target Business

Pursuant to Nasdaq listing rules, the target business or businesses that we acquire must collectively have a fair market value equal to at least 80% of the balance of the funds in the trust account (excluding taxes payable on the income earned on the trust account) at the time of the execution of a definitive agreement for our initial business combination, although we may acquire a target business whose fair market value significantly exceeds 80% of the trust account balance. We currently anticipate structuring a business combination to acquire 100% of the equity interests or assets of the target business or businesses. We may, however, structure a business combination where we merge directly with the target business or where we acquire less than 100% of such interests or assets of the target business in order to meet certain objectives of the target management team or shareholders or for other reasons, but we will only complete such business combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act of 1940, as amended. Even if the post-transaction company owns or acquires 50% or more of the voting securities of the target, our shareholders prior to the business combination may collectively own a minority interest in the post-transaction company, depending on valuations ascribed to the target and us in the business combination transaction. For example, we could pursue a transaction in which we issue a substantial number of new shares in exchange for all of the outstanding capital of a target. In this case, we would acquire a 100% controlling interest in the target. However, as a result of the issuance of a substantial number of new shares, our shareholders immediately prior to our initial business combination could own less than a majority of our outstanding shares subsequent to our initial business combination. If less than 100% of the equity interests or assets of a target business or businesses are owned or acquired by the post-transaction company, only the portion of such business or businesses that is owned or acquired is what will be valued for purposes of the 80% of net assets test. In order to consummate such an acquisition, we may issue a significant amount of our debt or equity securities to the sellers of such businesses and/or seek to raise additional funds through a private offering of debt or equity securities. Since we have no specific business combination under consideration, we have not entered into any such fund raising arrangement and have no current intention of doing so. The fair market value of the target will be determined by our board of directors based upon one or more standards generally accepted by the financial community (such as actual and potential sales, earnings, cash flow and/or book value). If our board is not able to independently determine that the target business has a sufficient fair market value, we will obtain an opinion from an unaffiliated, independent investment banking firm, or another independent entity that commonly renders valuation opinions on the type of target business we are seeking to acquire, with respect to the satisfaction of such criteria. We will not be required to obtain an opinion from an independent investment banking firm, or another independent entity that commonly renders valuation opinions on the type of target business we are seeking to acquire, as to the fair market value if our board of directors independently determines that the target business complies with the 80% threshold.

Business Combination Procedures

In connection with any proposed business combination, we will either (1) seek shareholder approval of our initial business combination at a meeting called for such purpose at which public shareholders may seek to convert their public shares, regardless of whether they vote for or against the proposed business combination, into their pro rata share of the aggregate amount then on deposit in the trust account (net of taxes payable), or (2) provide our public shareholders with the opportunity to sell their public shares to us by means of a tender offer (and thereby avoid the need for a shareholder vote) for an amount equal to their pro rata share of the aggregate amount then on deposit in the trust account (net of taxes payable), in each case subject to the limitations described herein. Notwithstanding the foregoing, as described below, our initial shareholders have agreed, pursuant to written letter agreements with us, not to convert any public shares held by them into their pro rata share of the aggregate amount then on deposit in the trust account or sell any public shares to us in any tender offer in connection with a proposed business combination. If we determine to engage in a tender offer, such tender offer will be structured so that each public shareholder may tender any or all of his, her or its public shares rather than some pro rata portion of his, her or its shares. The decision as to whether we will seek shareholder approval of a proposed business combination or will allow shareholders to sell their shares to us in a tender offer will be made by us based on a variety of factors such as the timing of the transaction, whether the terms of the transaction would otherwise require us to seek shareholder approval or whether we were deemed to be a foreign private issuer at such time (which would require us to conduct a tender offer rather than seeking shareholder approval under SEC rules). Unlike other blank check companies which require shareholder votes and conduct proxy solicitations in conjunction with their initial business combinations and related conversions of public shares for cash upon consummation of such initial business combination even when a vote is not required by law, we will have the flexibility to avoid such shareholder vote and allow our shareholders to sell their shares pursuant to Rule 13e-4 and Regulation 14E of the Exchange Act which regulate issuer tender offers. In that case, we will file tender offer documents with the SEC which will contain substantially the same financial and other information about the initial business combination as is required under the SEC's proxy rules. We will consummate our initial business combination only if we have net tangible assets of at least $5,000,001 upon such consummation and, solely if we seek shareholder approval, a majority of the outstanding ordinary shares voted are voted in favor of the business combination.

We chose our net tangible asset threshold of $5,000,001 to ensure that we would avoid being subject to Rule 419 promulgated under the Securities Act. The $5,000,001 net tangible asset value would be determined once a target business is located and we can assess all of the assets and liabilities of the combined company (which would include the fee payable to EBC in an amount equal to 4.0% of the total gross proceeds raised in the offering as described elsewhere in this annual report, any out-of-pocket expenses incurred by our initial shareholders, officers, directors or their affiliates in connection with certain activities on our behalf, such as identifying and investigating possible business targets and business combinations that have not been repaid at that time, as well as any other liabilities of ours and the liabilities of the target business). However, if we seek to consummate an initial business combination with a target business that imposes any type of working capital closing condition or requires us to have a minimum amount of funds available from the trust account upon consummation of such initial business combination, our net tangible asset threshold may limit our ability to consummate such initial business combination (as we may be required to have a lesser number of shares converted or sold to us) and may force us to seek third party financing which may not be available on terms acceptable to us or at all. As a result, we may not be able to consummate such initial business combination and we may not be able to locate another suitable target within the applicable time period, if at all.

Our initial shareholders and our officers and directors have agreed (1) to vote any ordinary shares owned by them in favor of any proposed business combination, (2) not to convert any ordinary shares in connection with a shareholder vote to approve a proposed initial business combination and (3) not sell any ordinary shares in any tender in connection with a proposed initial business combination.

Conversion/Tender Rights

At any meeting called to approve an initial business combination, public shareholders may seek to convert their shares, regardless of whether they vote for or against the proposed business combination, into their pro rata share of the aggregate amount then on deposit in the trust account, less any taxes then due but not yet paid. In such event, the conversion rights will be effected under our amended and restated memorandum and articles of association and Cayman Islands law as repurchases. A holder will always have the ability to vote against a proposed business combination and not seek conversion of his shares.

Notwithstanding the foregoing, a public shareholder, together with any affiliate of his or any other person with whom he is acting in concert or as a "group" (as defined in Section 13(d)(3) of the Exchange Act) will be restricted from seeking conversion rights with respect to 30% or more of the ordinary shares sold in our initial public offering. Accordingly, all shares in excess of 30% of the shares sold in our initial public offering held by a holder will not be converted to cash. We believe this restriction will prevent shareholders from accumulating large blocks of shares before the vote held to approve a proposed business combination and attempt to use the conversion right as a means to force us or our management to purchase their shares at a significant premium to the then current market price. By limiting a shareholder's ability to convert no more than 30% of the ordinary shares sold in our initial public offering, we believe we have limited the ability of a small group of shareholders to unreasonably attempt to block a transaction which is favored by our other public shareholders.

Alternatively, if we engage in a tender offer, each public shareholder will be provided the opportunity to sell his public shares to us in such tender offer. The tender offer rules require us to hold the tender offer open for at least 20 business days. Accordingly, this is the minimum amount of time we would need to provide holders to determine whether they want to sell their public shares to us in the tender offer or remain an investor in our company.

Our initial shareholders will not have conversion rights with respect to any ordinary shares owned by them, directly or indirectly, whether acquired prior to our initial public offering or purchased by them in our initial public offering or in the aftermarket. EBC will not have conversion rights with respect to the shares included in the Private Placement Units, or "private shares."

We may also require public shareholders, whether they are a record holder or hold their shares in "street name," to either tender their certificates to our transfer agent at any time through the vote on the business combination or to deliver their shares to the transfer agent electronically using Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System, at the holder's option. Once the shares are converted by the beneficial holder, and effectively repurchased by us under Cayman Island law, the transfer agent will then update our Register of Shareholders to reflect all conversions. The proxy solicitation materials that we will furnish to shareholders in connection with the vote for any proposed business combination will indicate whether we are requiring shareholders to satisfy such delivery requirements. Accordingly, a shareholder would have from the time the shareholder received our proxy statement through the vote on the business combination to deliver his shares if he wishes to seek to exercise his conversion rights. Under our amended and restated memorandum and articles of association, we are required to provide at least 5 days' advance notice of any shareholder meeting, which would be the minimum amount of time a shareholder would have to determine whether to exercise conversion rights.

There is a nominal cost associated with this tendering process and the act of certificating the shares or delivering them through the DWAC system. The transfer agent will typically charge the tendering broker $45 and it would be up to the broker whether or not to pass this cost on to the converting holder. However, this fee would be incurred regardless of whether or not we require holders seeking to exercise conversion rights. The need to deliver shares is a requirement of exercising conversion rights regardless of the timing of when such delivery must be effectuated. However, in the event we require shareholders seeking to exercise conversion rights prior to the consummation of the proposed business combination and the proposed business combination is not consummated this may result in an increased cost to shareholders.

Any request to convert or tender such shares once made, may be withdrawn at any time up to the vote on the proposed business combination or expiration of the tender offer. Furthermore, if a holder of a public share delivered his certificate in connection with an election of their conversion or tender and subsequently decides prior to the vote on the business combination or the expiration of the tender offer not to elect to exercise such rights, he may simply request that the transfer agent return the certificate (physically or electronically).

If the initial business combination is not approved or completed for any reason, then our public shareholders who elected to exercise their conversion or tender rights would not be entitled to convert or tender their shares for the applicable pro rata share of the trust account. In such case, we will promptly return any shares delivered by public holders.

Automatic Liquidation of Trust Account if No Business Combination

If we do not complete a business combination by June 12, 2016, it will trigger our automatic winding up, dissolution and liquidation pursuant to the terms of our amended and restated memorandum and articles of association. As a result, this has the same effect as if we had formally gone through a voluntary liquidation procedure under the Companies Law. Accordingly, no vote would be required from our shareholders to commence such a voluntary winding up, dissolution and liquidation.

The amount in the trust account (less $420 representing the aggregate nominal par value of the shares of our public shareholders) under the Companies Law will be treated as share premium which is distributable under the Cayman Companies Law provided that immediately following the date on which the proposed distribution is proposed to be made, we are able to pay our debts as they fall due in the ordinary course of business. If we are forced to liquidate the trust account, we anticipate that we would distribute to our public shareholders the amount in the trust account calculated as of the date that is two days prior to the distribution date (including any accrued interest). Prior to such distribution, we would be required to assess all claims that may be potentially brought against us by our creditors for amounts they are actually owed and make provision for such amounts, as creditors take priority over our public shareholders with respect to amounts that are owed to them. We cannot assure you that we will properly assess all claims that may be potentially brought against us. As such, our shareholders could potentially be liable for any claims of creditors to the extent of distributions received by them as an unlawful payment in the event we enter an insolvent liquidation. Furthermore, while we will seek to have all vendors and service providers (which would include any third parties we engaged to assist us in any way in connection with our search for a target business) and prospective target businesses execute agreements with us waiving any right, title, interest or claim of any kind they may have in or to any monies held in the trust account, there is no guarantee that they will execute such agreements. Nor is there any guarantee that, even if such entities execute such agreements with us, they will not seek recourse against the trust account or that a court would conclude that such agreements are legally enforceable.

Each of our initial shareholders has agreed to waive its rights to participate in any liquidation of our trust account or other assets with respect to the insider shares and private shares and to vote their insider shares and private shares in favor of any dissolution and plan of distribution which we submit to a vote of shareholders. There will be no distribution from the trust account with respect to our warrants, which will expire worthless.

If we are unable to complete an initial business combination and expend all of the net proceeds of our initial public offering, other than the proceeds deposited in the trust account, and without taking into account interest, if any, earned on the trust account, the initial per-share distribution from the trust account would be approximately $10.20.

The proceeds deposited in the trust account could, however, become subject to the claims of our creditors which would be prior to the claims of our public shareholders. Although we will seek to have all vendors, including lenders for money borrowed, prospective target businesses or other entities we engage execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the trust account for the benefit of our public shareholders, there is no guarantee that they will execute such agreements or even if they execute such agreements that they would be prevented from bringing claims against the trust account, including but not limited to, fraudulent inducement, breach of fiduciary responsibility or other similar claims, as well as claims challenging the enforceability of the waiver, in each case in order to gain an advantage with a claim against our assets, including the funds held in the trust account. If any third party refused to execute an agreement waiving such claims to the monies held in the trust account, we would perform an analysis of the alternatives available to us if we chose not to engage such third party and evaluate if such engagement would be in the best interest of our shareholders if such third party refused to waive such claims. Examples of possible instances where we may engage a third party that refused to execute a waiver include the engagement of a third party consultant whose particular expertise or skills are believed by management to be significantly superior to those of other consultants that would agree to execute a waiver or in cases where management is unable to find a provider of required services willing to provide the waiver. In any event, our management would perform an analysis of the alternatives available to it and would only enter into an agreement with a third party that did not execute a waiver if management believed that such third party's engagement would be significantly more beneficial to us than any alternative. In addition, there is no guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with us and will not seek recourse against the trust account for any reason.

Fortress has agreed that, if we liquidate the trust account prior to the consummation of a business combination, it will be liable to pay debts and obligations to target businesses or vendors or other entities that are owed money by us for services rendered or contracted for or products sold to us in excess of the net proceeds of our initial public offering not held in the trust account, but only to the extent necessary to ensure that such debts or obligations do not reduce the amounts in the trust account and only if such parties have not executed a waiver agreement. However, we cannot assure you that Fortress will be able to satisfy those obligations if it is required to do so. Accordingly, the actual per-share distribution could be less than $10.20, plus interest, due to claims of creditors. Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our shareholders. To the extent any bankruptcy claims deplete the trust account, we cannot assure you we will be able to return to our public shareholders at least $10.20 per share.

Competition

In identifying, evaluating and selecting a target business, we may encounter intense competition from other entities having a business objective similar to ours. Many of these entities are well established and have extensive experience identifying and effecting business combinations directly or through affiliates. Many of these competitors possess greater technical, human and other resources than us and our financial resources will be relatively limited when contrasted with those of many of these competitors. Our ability to compete in acquiring certain sizable target businesses may be limited by our available financial resources.

The following also may not be viewed favorably by certain target businesses:

- our obligation to seek shareholder approval of a business combination or obtain the necessary financial information to be sent to shareholders in connection with such business combination may delay or prevent the completion of a transaction;
- our obligation to convert ordinary shares held by our public shareholders may reduce the resources available to us for a business combination;
- Nasdaq may require us to file a new listing application and meet its initial listing requirements to maintain the listing of our securities following a business combination;
- our outstanding rights, warrants and unit purchase options, and the potential future dilution they represent;
- our obligation to pay EBC a fee of 4.0% of the gross proceeds of this offering upon consummation of our initial business combination
- our obligation to either repay or issue Private Placement Units upon conversion of up to $500,000 of working capital loans that may be made to us by our initial shareholders, officers, directors or their affiliates;
- our obligation to register the resale of the insider shares, as well as the Private Placement Units (and underlying securities) and any securities issued to our initial shareholders, officers, directors or their affiliates upon conversion of working capital loans; and
- the impact on the target business' assets as a result of unknown liabilities under the securities laws or otherwise depending on developments involving us prior to the consummation of a business combination.

Any of these factors may place us at a competitive disadvantage in successfully negotiating a business combination. Our management believes, however, that our status as a public entity and potential access to the United States public equity markets may give us a competitive advantage over privately-held entities having a similar business objective as ours in acquiring a target business with significant growth potential on favorable terms.

If we succeed in effecting a business combination, there will be, in all likelihood, intense competition from competitors of the target business. We cannot assure you that, subsequent to a business combination, we will have the resources or ability to compete effectively.

Employees

We have three executive officers. These individuals are not obligated to devote any specific number of hours to our matters and intend to devote only as much time as they deem necessary to our affairs. The amount of time they will devote in any time period will vary based on whether a target business has been selected for the business combination and the stage of the business combination process the company is in. Accordingly, once management locates a suitable target business to acquire, they will spend more time investigating such target business and negotiating and processing the business combination (and consequently spend more time to our affairs) than they would prior to locating a suitable target business. We presently expect each of our executive officers to devote such amount of time as they reasonably believe is necessary to our business. We do not intend to have any full time employees prior to the consummation of a business combination.

ITEM 1A. RISK FACTORS

An investment in our securities involves a high degree of risk. You should consider carefully the material risks described below, which we believe represent the material risks related to our business and our securities, together with the other information contained in this Form 10-K, before making a decision to invest in our securities. This Form 10-K also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks described below.

If we are unable to consummate a business combination, our public shareholders may be forced to wait until June 12, 2016 before receiving liquidation distributions.

We have until June 12, 2016 in which to complete a business combination. We have no obligation to return funds to investors prior to such date unless we consummate a business combination prior thereto and only then in cases where investors have sought to convert their shares. Only after the expiration of this full time period will public shareholders be entitled to liquidation distributions if we are unable to complete a business combination. Accordingly, investors' funds may be unavailable to them until after such date and to liquidate your investment, you may be forced to sell your securities potentially at a loss.

The requirement that we complete an initial business combination by June 12, 2016 may give potential target businesses leverage over us in negotiating a business transaction.

We have until June 12, 2016 to complete an initial business combination. Any potential target business with which we enter into negotiations concerning a business combination will be aware of this requirement. Consequently, such target business may obtain leverage over us in negotiating a business combination, knowing that if we do not complete a business combination with that particular target business, we may be unable to complete a business combination with any other target business. This risk will increase as we get closer to the time limits referenced above.

We may issue ordinary or preferred shares or debt securities to complete a business combination, which would reduce the equity interest of our shareholders and likely cause a change in control of our ownership.

We may issue a substantial number of additional ordinary shares or preferred shares, or a combination of ordinary shares and preferred shares, to complete a business combination. The issuance of additional ordinary shares or preferred shares:

- may significantly reduce the equity interest of investors;
- may subordinate the rights of holders of ordinary shares if we issue preferred shares with rights senior to those afforded to our ordinary shares;
- may cause a change in control if a substantial number of ordinary shares are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors; and
- may adversely affect prevailing market prices for our ordinary shares.

Similarly, if we issue debt securities, it could result in:

- default and foreclosure on our assets if our operating revenues after a business combination are insufficient to repay our debt obligations;

- acceleration of our obligations to repay the indebtedness even if we make all principal and interest payments when due if we breach certain covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of that covenant;

- our immediate payment of all principal and accrued interest, if any, if the debt security is payable on demand; and

- our inability to obtain necessary additional financing if the debt security contains covenants restricting our ability to obtain such financing while the debt security is outstanding.

The funds held in the trust account may not earn significant interest and, as a result, we may be limited to the funds held outside of the trust account to fund our search for target businesses, to pay our tax obligations and to complete our initial business combination.

As of November 30, 2015, we had approximately $55,000 available to us outside the trust account to fund our working capital requirements. This amount was comprised of approximately $26,000 available in our operating account and approximately $29,000 of interest generated by the trust. We will depend on sufficient interest being earned on the proceeds held in the trust account to provide us with additional working capital, as well as Fortress Biotech Inc. commitment to fund our working capital needs up to $500,000. To this end, Fortress loaned to us $100,000 in March 2015, $50,000 in October 2015, and $100,000 in February 2016. We will need to identify one or more target businesses and to complete our initial business combination, as well as to pay any tax obligations that we may owe. Interest rates on permissible investments for us have been less than 1% over the last several years. Accordingly, if we do not earn a sufficient amount of interest on the funds held in the trust account and use all of the funds held outside of the trust account, we may not have sufficient funds available with which to structure, negotiate or close an initial business combination. In such event, we may be forced to cease searching for a target business.

If third parties bring claims against us, the proceeds held in trust could be reduced and the per-share liquidation price received by shareholders may be less than $10.20.

Our placing of funds in trust may not protect those funds from third party claims against us. Although we will seek to have all vendors and service providers we engage and prospective target businesses we negotiate with execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the trust account for the benefit of our public shareholders, they may not execute such agreements. Furthermore, even if such entities execute such agreements with us, they may seek recourse against the monies held in the trust account. A court may not uphold the validity of such agreements. Accordingly, the proceeds held in trust could be subject to claims which could take priority over those of our public shareholders. If we liquidate the trust account before the completion of a business combination, Fortress, an affiliate of our executive officers, has agreed that it will be liable to ensure that the proceeds in the trust account are not reduced by the claims of target businesses or claims of vendors or other entities that are owed money by us for services rendered or contracted for or products sold to us and which have not executed a waiver agreement. However, Fortress may not be able to meet such obligation. Therefore, the per-share distribution from the trust account in such a situation may be less than $10.20, plus interest, due to such claims.

Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, or if we otherwise enter compulsory or court supervised liquidation, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our shareholders. To the extent any bankruptcy claims deplete the trust account, we may not be able to return to our public shareholders at least $10.20.

Our shareholders may be held liable for claims by third parties against us to the extent of distributions received by them.

Our amended and restated memorandum and articles of association provide that we will continue in existence only until June 12, 2016 unless we complete an initial business combination by such date.

As such, our shareholders could potentially be liable for any claims to the extent of distributions received by them pursuant to such process and any liability of our shareholders may extend beyond the date of such distribution. Accordingly, we cannot assure you that third parties, or us under the control of an official liquidator, will not seek to recover from our shareholders amounts owed to them by us.

If we are unable to consummate a transaction within the required time period, upon notice from us, the trustee of the trust account will distribute the amount in our trust account to our public shareholders. Concurrently, we shall pay, or reserve for payment, from funds not held in trust, our liabilities and obligations, although we cannot assure you that there will be sufficient funds for such purpose. If there are insufficient funds held outside the trust account for such purpose, Fortress has agreed that it will be liable to ensure that the proceeds in the trust account are not reduced by the claims of target businesses or claims of vendors or other entities that are owed money by us for services rendered or contracted for or products sold to us and which have not executed a waiver agreement.

If we are forced to enter into an insolvent liquidation, any distributions received by shareholders could be viewed as an unlawful payment if it was proved that immediately following the date on which the distribution was made, we were unable to pay our debts as they fall due in the ordinary course of business. As a result, a liquidator could seek to recover all amounts received by our shareholders. Furthermore, our directors may be viewed as having breached their fiduciary duties to us or our creditors and/or may have acted in bad faith, and thereby exposing themselves and our company to claims, by paying public shareholders from the trust account prior to addressing the claims of creditors. We cannot assure you that claims will not be brought against us for these reasons. We and our directors and officers who knowingly and willfully authorized or permitted any distribution to be paid out of our share premium account while we were unable to pay our debts as they fall due in the ordinary course of business would be guilty of an offence and may be liable to a fine of US$15,000 and to imprisonment for five years in the Cayman Islands.

Holders of rights and warrants will not have redemption rights if we are unable to complete an initial business combination within the required time period.

If we are unable to complete an initial business combination within the required time period and we redeem the funds held in the trust account, the rights and warrants will expire and holders will not receive any of such proceeds with respect to such rights and warrants, respectively.

We have no obligation to net cash settle the rights or warrants.

In no event will we have any obligation to net cash settle the rights or warrants. Furthermore, there are no contractual penalties for failure to deliver securities to the holders of the rights upon consummation of an initial business combination. Accordingly, the rights and warrants may expire worthless.

We may amend the terms of the rights in a way that may be adverse to holders with the approval by the holders of a majority of the then outstanding rights.

Our rights will be issued in registered form under a rights agreement between Continental Stock Transfer & Trust Company, as rights agent, and us. The rights agreement provides that the terms of the rights may be amended without the consent of any holder to cure any ambiguity or correct any defective provision. The rights agreement requires the approval by the holders of a majority of the then outstanding rights (including the rights underlying the private units) in order to make any change that adversely affects the interests of the registered holders.

If we do not maintain a current and effective prospectus relating to the ordinary shares issuable upon exercise of the warrants, public holders will only be able to exercise such warrants on a "cashless basis" which would result in a fewer number of shares being issued to the holder had such holder exercised the warrants for cash.

If we do not maintain a current and effective prospectus relating to the ordinary shares issuable upon exercise of the public warrant at the time that holders wish to exercise such warrants, they will only be able to exercise them on a "cashless basis" provided that an exemption from registration is available. As a result, the number of ordinary shares that a holder will receive upon exercise of its public warrants will be fewer than it would have been had such holder exercised its warrant for cash. Further, if an exemption from registration is not available, holders would not be able to exercise their warrants on a cashless basis and would only be able to exercise their warrants for cash if a current and effective prospectus relating to the ordinary shares issuable upon exercise of the warrants is available. Under the terms of the warrant agreement, we have agreed to use our best efforts to meet these conditions and to maintain a current and effective prospectus relating to the ordinary shares issuable upon exercise of the warrants until the expiration of the warrants. However, we cannot assure you that we will be able to do so. If we are unable to do so, the potential "upside" of the holder's investment in our company may be reduced or the warrants may expire worthless. Notwithstanding the foregoing, the warrants included in the Private Placement Units, or "private warrants," may be exercisable for unregistered ordinary shares for cash even if the prospectus relating to the ordinary shares issuable upon exercise of the warrants is not current and effective.

An investor will only be able to exercise a warrant if the issuance of ordinary shares upon such exercise has been registered or qualified or is deemed exempt under the securities laws of the state of residence of the holder of the warrants.

No public warrants will be exercisable for cash and we will not be obligated to issue ordinary shares unless the ordinary shares issuable upon such exercise has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants. At the time that the warrants become exercisable, we expect to continue to be listed on a national securities exchange, which would provide an exemption from registration in every state. However, we cannot assure you of this fact. If the ordinary shares issuable upon exercise of the warrants are not qualified or exempt from qualification in the jurisdictions in which the holders of the warrants reside, the warrants may be deprived of any value, the market for the warrants may be limited and they may expire worthless if they cannot be sold.

Our management's ability to require holders of our warrants to exercise such warrants on a cashless basis will cause holders to receive fewer ordinary shares upon their exercise of the warrants than they would have received had they been able to exercise their warrants for cash.

If we call our public warrants for redemption after the redemption criteria have been satisfied, our management will have the option to require any holder that wishes to exercise his warrant (including any warrants held by our initial shareholders or their permitted transferees) to do so on a "cashless basis." If our management chooses to require holders to exercise their warrants on a cashless basis, the number of ordinary shares received by a holder upon exercise will be fewer than it would have been had such holder exercised his warrant for cash. This will have the effect of reducing the potential "upside" of the holder's investment in our company.

We may amend the terms of the warrants in a way that may be adverse to holders with the approval by the holders of a majority of the then outstanding warrants.

Our warrants have been issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision. The warrant agreement requires the approval by the holders of a majority of the then outstanding warrants (including the private warrants) in order to make any change that adversely affects the interests of the registered holders.

Since we have not yet selected a particular industry or target business with which to complete a business combination, we are unable to currently ascertain the merits or risks of the industry or business in which we may ultimately operate.

While we are currently focusing our search for target businesses on specific locations and industries as described herein, we are not limited to those locations or industries and may consummate a business combination with a company in any location or industry we choose. Accordingly, there is no current basis for you to evaluate the possible merits or risks of the particular industry in which we may ultimately operate or the target business which we may ultimately acquire. To the extent we complete a business combination with a financially unstable company or an entity in its development stage, we may be affected by numerous risks inherent in the business operations of those entities. If we complete a business combination with an entity in an industry characterized by a high level of risk, we may be affected by the currently unascertainable risks of that industry. Although our management will endeavor to evaluate the risks inherent in a particular industry or target business, we cannot assure you that we will properly ascertain or assess all of the significant risk factors.

The requirement that the target business or businesses that we acquire must collectively have a fair market value equal to at least 80% of the balance of the funds in the trust account at the time of the execution of a definitive agreement for our initial business combination may limit the type and number of companies that we may complete such a business combination with.

Pursuant to the Nasdaq listing rules, the target business or businesses that we acquire must collectively have a fair market value equal to at least 80% of the balance of the funds in the trust account **(**excluding **t**axes payable on the income earned on the trust account**)** at the time of the execution of a definitive agreement for our initial business combination. This restriction may limit the type and number of companies that with which may complete a business combination. If we are unable to locate a target business or businesses that satisfy this fair market value test, we may be forced to liquidate and you will only be entitled to receive your pro rata portion of the funds in the trust account.

If Nasdaq delists our securities from quotation on its exchange after this offering, we would not be required to complete a business combination with a target business or businesses meeting specific fair market value requirements.

If Nasdaq delists our securities from quotation on its exchange, we would not be required to satisfy the fair market value requirement described above and could complete a business combination with a target business having a fair market value substantially below 80% of the balance in the trust account.

Our ability to successfully effect a business combination and to be successful thereafter will be totally dependent upon the efforts of our key personnel, some of whom may join us following a business combination. While we intend to closely scrutinize any individuals we engage after a business combination, we cannot assure you that our assessment of these individuals will prove to be correct.

Our ability to successfully effect a business combination is dependent upon the efforts of our key personnel. We believe that our success depends on the continued service of our key personnel, at least until we have consummated our initial business combination. We cannot assure you that any of our key personnel will remain with us for the immediate or foreseeable future. In addition, none of our officers are required to commit any specified amount of time to our affairs and, accordingly, they will have conflicts of interest in allocating management time among various business activities, including identifying potential business combinations and monitoring the related due diligence. We do not have employment agreements with, or key-man insurance on the life of, any of our officers. The unexpected loss of the services of our key personnel could have a detrimental effect on us.

The role of our key personnel in the target business, however, cannot presently be ascertained. Although some of our key personnel may remain with the target business in senior management or advisory positions following a business combination, it is likely that some or all of the management of the target business will remain in place. While we intend to closely scrutinize any individuals we engage after a business combination, we cannot assure you that our assessment of these individuals will prove to be correct. These individuals may be unfamiliar with the requirements of operating a public company which could cause us to have to expend time and resources helping them become familiar with such requirements. This could be expensive and time-consuming and could lead to various regulatory issues which may adversely affect our operations.

Our officers and directors may not have significant experience or knowledge regarding the jurisdiction or industry of the target business we may seek to acquire.

We may consummate a business combination with a target business in any geographic location or industry we choose. We cannot assure you that our officers and directors will have enough experience or have sufficient knowledge relating to the jurisdiction of the target or its industry to make an informed decision regarding a business combination. If we become aware of a potential business combination outside of the geographic location or industry where our officers and directors have their most experience, our management may determine to retain consultants and advisors with experience in such industries to assist in the evaluation of such business combination and in our determination of whether or not to proceed with such a business combination. However, our management is not required to engage such consultants and advisors in any situation. If they do not engage any consultants or advisors to assist them in the evaluation of a particular target business or business combination, our management may not properly analyze the risks attendant with such target business or business combination. As a result, we may enter into a business combination that is not in our shareholders' best interests.

Our key personnel may negotiate employment or consulting agreements with a target business in connection with a particular business combination. These agreements may provide for them to receive compensation following a business combination and as a result, may cause them to have conflicts of interest in determining whether a particular business combination is the most advantageous.

Our key personnel will be able to remain with the company after the consummation of a business combination only if they are able to negotiate employment or consulting agreements or other appropriate arrangements in connection with the business combination. Such negotiations would take place simultaneously with the negotiation of the business combination and could provide for such individuals to receive compensation in the form of cash payments and/or our securities for services they would render to the company after the consummation of the business combination. The personal and financial interests of such individuals may influence their motivation in identifying and selecting a target business.

Our officers and directors will allocate their time to other businesses thereby potentially limiting the amount of time they devote to our affairs. This conflict of interest could have a negative impact on our ability to consummate our initial business combination.

Our officers and directors are not required to commit their full time to our affairs, which could create a conflict of interest when allocating their time between our operations and their other commitments. We presently expect each of our employees to devote such amount of time as they reasonably believe is necessary to our business. We do not intend to have any full time employees prior to the consummation of our initial business combination. All of our officers and directors are engaged in several other business endeavors and are not obligated to devote any specific number of hours to our affairs. If our officers' and directors' other business affairs require them to devote more substantial amounts of time to such affairs, it could limit their ability to devote time to our affairs and could have a negative impact on our ability to consummate our initial business combination. We cannot assure you these conflicts will be resolved in our favor.

Our officers and directors have pre-existing fiduciary and contractual obligations and accordingly, may have conflicts of interest in determining to which entity a particular business opportunity should be presented.

Our officers and directors have pre-existing fiduciary and contractual obligations to other companies, including companies that are engaged in business activities similar to those intended to be conducted by us. Accordingly, they may participate in transactions and have obligations that may be in conflict or competition with our consummation of our initial business combination. As a result, a potential target business may be presented by our management team to another entity prior to its presentation to us and we may not be afforded the opportunity to engage in a transaction with such target business.

Our officers' and directors' personal and financial interests may influence their motivation in determining whether a particular target business is appropriate for a business combination.

Our officers and directors have waived their right to convert their insider shares, private shares or any other ordinary shares, or to receive distributions with respect to their insider shares or private shares upon our liquidation if we are unable to consummate our initial business combination. Accordingly, these securities will be worthless if we do not consummate our initial business combination. Their private rights, private warrants and any other rights or warrants they acquire will also be worthless if we do not consummate an initial business combination. In addition, our officers and directors may loan funds to us after our initial public offering and may be owed reimbursement for expenses incurred in connection with certain activities on our behalf which would only be repaid if we complete an initial business combination. The personal and financial interests of our directors and officers may influence their motivation in timely identifying and selecting a target business and completing a business combination. Consequently, our directors' and officers' discretion in identifying and selecting a suitable target business may result in a conflict of interest when determining whether the terms, conditions and timing of a particular business combination are appropriate and in our shareholders' best interest. If this were the case, it would be a breach of their fiduciary duties to us as a matter of Cayman Islands law and we might have a claim against such individuals. However, we might not ultimately be successful in any claim we may make against them for such reason.

Nasdaq may delist our securities from quotation on its exchange which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.

Our securities are listed on Nasdaq, a national securities exchange. However, we cannot assure you that our securities will continue to be listed on Nasdaq in the future prior to an initial business combination. Additionally, in connection with our initial business combination, it is likely that Nasdaq will require us to file a new initial listing application and meet its initial listing requirements as opposed to its more lenient continued listing requirements. We cannot assure you that we will be able to meet those initial listing requirements at that time.

If Nasdaq delists our securities from trading on its exchange, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity with respect to our securities;
- a determination that our ordinary shares are "penny stock" which will require brokers trading in our ordinary shares to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our ordinary shares;
- a limited amount of news and analyst coverage for our company; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

We may only be able to complete one business combination with the proceeds of our initial public offering, which will cause us to be solely dependent on a single business which may have a limited number of products or services.

We may only be able to complete one business combination with the proceeds of our initial public offering. By consummating a business combination with only a single entity, our lack of diversification may subject us to numerous economic, competitive and regulatory developments. Further, we would not be able to diversify our operations or benefit from the possible spreading of risks or offsetting of losses, unlike other entities which may have the resources to complete several business combinations in different industries or different areas of a single industry. Accordingly, the prospects for our success may be:

- solely dependent upon the performance of a single business, or
- dependent upon the development or market acceptance of a single or limited number of products, processes or services.

This lack of diversification may subject us to numerous economic, competitive and regulatory developments, any or all of which may have a substantial adverse impact upon the particular industry in which we may operate subsequent to a business combination.

Alternatively, if we determine to simultaneously acquire several businesses and such businesses are owned by different sellers, we will need for each of such sellers to agree that our purchase of its business is contingent on the simultaneous closings of the other business combinations, which may make it more difficult for us, and delay our ability, to complete the business combination. With multiple business combinations, we could also face additional risks, including additional burdens and costs with respect to possible multiple negotiations and due diligence investigations (if there are multiple sellers) and the additional risks associated with the subsequent assimilation of the operations and services or products of the acquired companies in a single operating business. If we are unable to adequately address these risks, it could negatively impact our profitability and results of operations.

The ability of our public shareholders to exercise their conversion rights or sell their public shares to us in a tender offer may not allow us to effectuate the most desirable business combination or optimize our capital structure.

If our business combination requires us to use substantially all of our cash to pay the purchase price, because we will not know how many shareholders may exercise conversion rights or seek to sell their public shares to us in a tender offer, we may either need to reserve part of the trust account for possible payment upon such conversion, or we may need to arrange third party financing to help fund our business transaction. In the event that the business combination involves the issuance of our shares as consideration, we may be required to issue a higher percentage of our shares to make up for a shortfall in funds. Raising additional funds to cover any shortfall may involve dilutive equity financing or incurring indebtedness at higher than desirable levels. This may limit our ability to effectuate the most attractive business combination available to us.

We may be unable to consummate a business combination if a target business requires that we have cash in excess of the minimum amount we are required to have at closing and public shareholders may have to remain shareholders of our company and wait until our liquidation to receive a pro rata share of the trust account or attempt to sell their shares in the open market.

A potential target may make it a closing condition to our business combination that we have a certain amount of cash in excess of the $5,000,001 of net tangible assets we are required to have pursuant to our organizational documents available at the time of closing. If the number of our shareholders electing to exercise their conversion rights has the effect of reducing the amount of money available to us to consummate a business combination below such minimum amount required by the target business and we are not able to locate an alternative source of funding, we will not be able to consummate such business combination and we may not be able to locate another suitable target within the applicable time period, if at all. In that case, public shareholders may have to remain shareholders of our company and wait the full 18 months in order to be able to receive a pro rata portion of the trust account, or attempt to sell their shares in the open market prior to such time, in which case they may receive less than a pro rata share of the trust account for their shares.

In connection with any meeting held to approve an initial business combination, we will offer each public shareholder the option to vote in favor of a proposed business combination and still seek conversion of his, her or its shares, which may make it more likely that we will consummate a business combination.

In connection with any meeting held to approve an initial business combination, we will offer each public shareholder (but not our initial shareholders) the right to have his, her or its ordinary shares converted to cash (subject to the limitations described elsewhere herein) regardless of whether such shareholder votes for or against such proposed business combination. Furthermore, we will consummate our initial business combination only if we have net tangible assets of at least $5,000,001 upon such consummation and a majority of the outstanding shares voted are voted in favor of the business combination. Accordingly, public shareholders owning shares sold in our initial public offering may exercise their conversion rights and we could still consummate a proposed business combination so long as a majority of shares voted at the meeting are voted in favor of the proposed business combination. This is different than other similarly structured blank check companies where shareholders are offered the right to convert their shares only when they vote against a proposed business combination. This is also different than other similarly structured blank check companies where there is a specific number of shares sold in the offering which must not exercise conversion rights for the company to complete a business combination. This threshold and the ability to seek conversion while voting in favor of a proposed business combination may make it more likely that we will consummate our initial business combination.

In connection with any meeting held to approve an initial business combination, public shareholders, together with any affiliates of theirs or any other person with whom they are acting in concert or as a "group," will be restricted from seeking conversion rights with respect to more than 30% of the shares sold in our initial public offering.

In connection with any meeting held to approve an initial business combination, we will offer each public shareholder (but not holders of our insider shares) the right to have his, her, or its ordinary shares converted into cash. Notwithstanding the foregoing, a public shareholder, together with any of its affiliates or any other person with whom it is acting in concert or as a "group" will be restricted from seeking conversion rights with respect to more than 30% of the shares sold in our initial public offering. Accordingly, if you hold more than 30% of the shares sold in our initial public offering and a proposed business combination is approved, you will not be able to seek conversion rights with respect to the full amount of your shares and may be forced to hold such shares following the business combination over 30% or sell them in the open market. We cannot assure you that the value of such shares will appreciate over time following a business combination or that the market price of our ordinary shares will exceed the per-share conversion price.

We may require shareholders who wish to convert their shares in connection with a proposed business combination to comply with specific requirements for conversion that may make it more difficult for them to exercise their conversion rights prior to the deadline for exercising their rights.

In connection with any shareholder meeting called to approve a proposed initial business combination, each public shareholder will have the right, regardless of whether it is voting for or against such proposed business combination, to demand that we convert its shares into a share of the trust account. Such conversion will be effectuated under Cayman Islands law as a repurchase of the shares, with the repurchase price to be paid being the applicable pro-rata portion of the monies held in the trust account. We may require public shareholders who wish to convert their shares in connection with a proposed business combination to either tender their certificates to our transfer agent at any time prior to the vote taken at the shareholder meeting relating to such business combination or to deliver their shares to the transfer agent electronically using the Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System. In order to obtain a physical share certificate, a shareholder's broker and/or clearing broker, DTC and our transfer agent will need to act to facilitate this request. It is our understanding that shareholders should generally allot at least two weeks to obtain physical certificates from the transfer agent. However, because we do not have any control over this process or over the brokers or DTC, it may take significantly longer than two weeks to obtain a physical share certificate. While we have been advised that it takes a short time to deliver shares through the DWAC System, this may not be the case. Accordingly, if it takes longer than we anticipate for shareholders to deliver their shares, shareholders who wish to convert may be unable to meet the deadline for exercising their conversion rights and thus may be unable to convert their shares.

Investors may not have sufficient time to comply with the delivery requirements for conversion.

Pursuant to our memorandum and articles of association, we are required to give a minimum of only ten days' notice for each general meeting. As a result, if we require public shareholders who wish to convert their public shares into the right to receive a pro rata portion of the funds in the trust account to comply with specific delivery requirements for conversion, holders may not have sufficient time to receive the notice and deliver their shares for conversion. Accordingly, investors may be forced to retain our securities when they otherwise would not want to.

If we require public shareholders who wish to convert their ordinary shares to comply with the delivery requirements for conversion, such converting shareholders may be unable to sell their securities when they wish to in the event that the proposed business combination is not approved.

If we require public shareholders who wish to convert their ordinary shares to comply with specific delivery requirements for conversion described above and such proposed business combination is not consummated, we will promptly return such certificates to the tendering public shareholders. Accordingly, investors who attempted to convert their shares in such a circumstance will be unable to sell their securities after the failed acquisition until we have returned their securities to them. The market price for our shares may decline during this time and you may not be able to sell your securities when you wish to, even while other shareholders that did not seek conversion may be able to sell their securities.

Because of our limited resources and structure, other companies may have a competitive advantage and we may not be able to consummate an attractive business combination.

We expect to encounter intense competition from entities other than blank check companies having a business objective similar to ours, including venture capital funds, leveraged buyout funds and operating businesses competing for acquisitions. Many of these entities are well established and have extensive experience in identifying and effecting business combinations directly or through affiliates. Many of these competitors possess greater technical, human and other resources than we do and our financial resources will be relatively limited when contrasted with those of many of these competitors. While we believe that there are numerous potential target businesses that we could acquire with the net proceeds of our initial public offering, our ability to compete in acquiring certain sizable target businesses will be limited by our available financial resources. This inherent competitive limitation gives others an advantage in pursuing the acquisition of certain target businesses. Furthermore, seeking shareholder approval of a business combination may delay the consummation of a transaction. Additionally, our outstanding warrants and unit purchase options, and the future dilution they potentially represent, may not be viewed favorably by certain target businesses. Any of the foregoing may place us at a competitive disadvantage in successfully negotiating a business combination.

Our initial shareholders control a substantial interest in us and thus may influence certain actions requiring a shareholder vote.

Our initial shareholders collectively own approximately 24% of our issued and outstanding ordinary shares. In connection with any vote for a proposed business combination, all of our initial shareholders, as well as all of our officers and directors, have agreed to vote the ordinary shares owned by them immediately before our initial public offering as well as any ordinary shares acquired in our initial public offering or in the aftermarket in favor of such proposed business combination.

Our board of directors is and will be divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. There is no requirement under the Companies Law for us to hold annual or general meetings or elect directors. Accordingly, shareholders would not have the right to such a meeting or election of directors, unless the holders of not less than 10% in par value capital of our company requests such a meeting. As a result, it is unlikely that there will be an annual meeting of shareholders to elect new directors prior to the consummation of a business combination, in which case all of the current directors will continue in office until at least the consummation of the business combination. Accordingly, you may not be able to exercise your voting rights for up to 18 months. If there is an annual meeting, as a consequence of our "staggered" board of directors, only a minority of the board of directors will be considered for election and our initial shareholders, because of their ownership position, will have considerable influence regarding the outcome. Accordingly, our initial shareholders will continue to exert control at least until the consummation of a business combination.

Our outstanding rights, warrants and unit purchase options may have an adverse effect on the market price of our ordinary shares and make it more difficult to effect a business combination.

We have outstanding rights, warrants and unit purchase options that may result in the issuance of additional securities. Additionally, to the extent we issue ordinary shares to effect a business combination, the potential for the issuance of a substantial number of additional shares upon exercise of these warrants could make us a less attractive acquisition vehicle in the eyes of a target business. Such securities, when exercised, will increase the number of issued and outstanding ordinary shares and reduce the value of the shares issued to complete the business combination. Accordingly, our warrants and unit purchase options may make it more difficult to effectuate a business combination or increase the cost of acquiring the target business. Additionally, the sale, or even the possibility of sale, of the shares underlying the warrants and unit purchase options could have an adverse effect on the market price for our securities or on our ability to obtain future financing. If and to the extent these warrants and options are exercised, you may experience dilution to your holdings.

We may redeem the warrants at a time that is not beneficial to public investors.

We may call the public warrants for redemption at any time after the redemption criteria described elsewhere have been satisfied. If we call the public warrants for redemption, public shareholders may be forced to accept a nominal redemption price or sell or exercise the warrants when they may not wish to do so.

If our shareholders exercise their registration rights with respect to their securities, it may have an adverse effect on the market price of our ordinary shares and the existence of these rights may make it more difficult to effect a business combination.

Our initial shareholders are entitled to make a demand that we register the resale of their insider shares at any time commencing three months prior to the date on which their shares may be released from escrow. Additionally, the purchasers of the private units and our initial shareholders, officers and directors are entitled to demand that we register the resale of the private units (and the underlying securities) and any securities our initial shareholders, officers, directors or their affiliates may be issued in payment of working capital loans made to us at any time after we consummate a business combination. The presence of these additional securities trading in the public market may have an adverse effect on the market price of our securities. In addition, the existence of these rights may make it more difficult to effectuate a business combination or increase the cost of acquiring the target business, as the shareholders of the target business may be discouraged from entering into a business combination with us or will request a higher price for their securities because of the potential effect the exercise of such rights may have on the trading market for our ordinary shares.

If we are deemed to be an investment company, we may be required to institute burdensome compliance requirements and our activities may be restricted, which may make it difficult for us to complete a business combination.

A company that, among other things, is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, owning, trading or holding certain types of securities would be deemed an investment company under the Investment Company Act of 1940. Since we will invest the proceeds held in the trust account, it is possible that we could be deemed an investment company. Notwithstanding the foregoing, we do not believe that our anticipated principal activities will subject us to the Investment Company Act of 1940. To this end, the proceeds held in trust may be invested by the trustee only in United States government treasury bills, notes or bonds having a maturity of 180 days or less or in money market funds meeting the applicable conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940 and that invest solely in United States treasuries. By restricting the investment of the proceeds to these instruments, we intend to meet the requirements for the exemption provided in Rule 3a-1 promulgated under the Investment Company Act of 1940.

If we are nevertheless deemed to be an investment company under the Investment Company Act of 1940, we may be subject to certain restrictions that may make it more difficult for us to complete a business combination, including:

- restrictions on the nature of our investments; and
- restrictions on the issuance of securities.

In addition, we may have imposed upon us certain burdensome requirements, including:

- registration as an investment company;
- adoption of a specific form of corporate structure; and
- reporting, record keeping, voting, proxy, compliance policies and procedures and disclosure requirements and other rules and regulations.

Compliance with these additional regulatory burdens would require additional expense for which we have not allotted.

We may not seek an opinion from an unaffiliated third party as to the fair market value of the target business we acquire or that the price we are paying for the business is fair to our shareholders from a financial point of view.

We are not required to obtain an opinion from an unaffiliated third party that the target business we select has a fair market value in excess of at least 80% of the balance of the trust account unless our board of directors cannot make such determination on its own. We are also not required to obtain an opinion from an unaffiliated third party indicating that the price we are paying is fair to our shareholders from a financial point of view unless the target is affiliated with our officers, directors, initial shareholders or their affiliates. If no opinions are obtained, our shareholders will be relying on the judgment of our board of directors, whose collective experience in business evaluations for blank check companies like ours is not significant. Furthermore, our directors may have a conflict of interest in analyzing the transaction due to their personal and financial interests.

Because we are incorporated under the laws of the Cayman Islands, you may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. Federal courts may be limited.

We are an exempted company incorporated under the laws of the Cayman Islands. In addition, certain of our directors and officers are nationals or residents of jurisdictions other than the United States and all or a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon our directors or executive officers, or enforce judgments obtained in the United States courts against our directors or officers.

Our corporate affairs will be governed by our amended and restated memorandum and articles of association, the Companies Law (as the same may be supplemented or amended from time to time) or the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, the decisions of whose courts are of persuasive authority, but are not binding on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws as compared to the United States, and certain states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law. In addition, Cayman Islands companies may not have standing to initiate a shareholders derivative action in a Federal court of the United States.

We have been advised by our Cayman Islands legal counsel that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the federal securities laws of the United States or any state; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the federal securities laws of the United States or any state, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognise and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere. There is recent Privy Council authority (which is binding on the Cayman Islands Court) in the context of a reorganisation plan approved by the New York Bankruptcy Court which suggests that due to the universal nature of bankruptcy/insolvency proceedings, foreign money judgments obtained in foreign bankruptcy/insolvency proceedings may be enforced without applying the principles outlined above. However, a more recent English Supreme Court authority (which is highly persuasive but not binding on the Cayman Islands Court), has expressly rejected that approach in the context of a default judgment obtained in an adversary proceeding brought in the New York Bankruptcy Court by the receivers of the bankruptcy debtor against a third party, and which would not have been enforceable upon the application of the traditional common law principles summarised above and held that foreign money judgments obtained in bankruptcy/insolvency proceedings should be enforced by applying the principles set out above, and not by the simple exercise of the Courts' discretion. Those cases have now been considered by the Cayman Islands Court. The Cayman Islands Court was not asked to consider the specific question of whether a judgment of a bankruptcy court in an adversary proceeding would be enforceable in the Cayman Islands, but it did endorse the need for active assistance of overseas bankruptcy proceedings. We understand that the Cayman Islands Court's decision in that case has been appealed and it remains the case that the law regarding the enforcement of bankruptcy/insolvency related judgments is still in a state of uncertainty.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a United States company.

Foreign currency fluctuations could adversely affect our business and financial results.

A target business with which we may combine may do business and generate sales within other countries. Foreign currency fluctuations may affect the costs that we incur in such international operations. It is also possible that some or all of our operating expenses may be incurred in non-U.S. dollar currencies. The appreciation of non-U.S. dollar currencies in those countries where we have operations against the U.S. dollar would increase our costs and could harm our results of operations and financial condition.

If we effect a business combination with a company located outside of the United States, we would be subject to a variety of additional risks that may negatively impact our business operations and financial results.

If we consummate a business combination with a target business in one of these areas, or another location outside of the United States, we would be subject to any special considerations or risks associated with companies operating in the target business' governing jurisdiction, including any of the following:

- rules and regulations or currency redemption or corporate withholding taxes on individuals;
- tariffs and trade barriers;
- regulations related to customs and import/export matters;
- longer payment cycles;
- inflation;
- economic policies and market conditions;
- unexpected changes in regulatory requirements;
- challenges in managing and staffing international operations;
- tax issues, such as tax law changes and variations in tax laws as compared to the United States;
- currency fluctuations;
- challenges in collecting accounts receivable;

- cultural and language differences;
- protection of intellectual property; and
- employment regulations.

We cannot assure you that we would be able to adequately address these additional risks. If we were unable to do so, our operations might suffer.

If we effect a business combination with a company located outside of the United States, the laws applicable to such company will likely govern all of our material agreements and we may not be able to enforce our legal rights.

If we effect a business combination with a company located outside of the United States, the laws of the country in which such company operates will govern almost all of the material agreements relating to its operations. We cannot assure you that the target business will be able to enforce any of its material agreements or that remedies will be available in this new jurisdiction. The system of laws and the enforcement of existing laws in such jurisdiction may not be as certain in implementation and interpretation as in the United States. The inability to enforce or obtain a remedy under any of our future agreements could result in a significant loss of business, business opportunities or capital. Additionally, if we acquire a company located outside of the United States, it is likely that substantially all of our assets would be located outside of the United States and some of our officers and directors might reside outside of the United States. As a result, it may not be possible for investors in the United States to enforce their legal rights, to effect service of process upon our directors or officers or to enforce judgments of United States courts predicated upon civil liabilities and criminal penalties of our directors and officers under Federal securities laws.

Because we must furnish our shareholders with financial statements of the target business prepared in accordance with U.S. GAAP or IFRS or reconciled to U.S. GAAP, we may not be able to complete an initial business combination with some prospective target businesses.

The federal proxy rules require that a proxy statement with respect to a vote on a business combination meeting certain financial significance tests include historical and/or pro forma financial statement disclosure in periodic reports. These financial statements may be required to be prepared in accordance with, or be reconciled to, accounting principles generally accepted in the United States of America, or GAAP, or international financial reporting standards as promulgated by the International Accounting Standards Board, or IFRS, depending on the circumstances, and the historical financial statements may be required to be audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), or PCAOB. These financial statement requirements may limit the pool of potential target businesses we may acquire.

Compliance with the Sarbanes-Oxley Act of 2002 will require substantial financial and management resources and may increase the time and costs of completing an acquisition.

Section 404 of the Sarbanes-Oxley Act of 2002 requires that we evaluate and report on our system of internal controls and may require us to have such system audited by an independent registered public accounting firm. If we fail to maintain the adequacy of our internal controls, we could be subject to regulatory scrutiny, civil or criminal penalties and/or shareholder litigation. Any inability to provide reliable financial reports could harm our business. A target may also not be in compliance with the provisions of the Sarbanes-Oxley Act regarding the adequacy of internal controls. The development of the internal controls of any such entity to achieve compliance with the Sarbanes-Oxley Act may increase the time and costs necessary to complete any such acquisition. Furthermore, any failure to implement required new or improved controls, or difficulties encountered in the implementation of adequate controls over our financial processes and reporting in the future, could harm our operating results or cause us to fail to meet our reporting obligations. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our securities.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our securities less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. We will remain an "emerging growth company" for up to five years. However, if our non-convertible debt issued within a three-year period or revenues exceeds $1 billion, or the market value of our ordinary shares that are held by non-affiliates exceeds $700 million on the last day of the second fiscal quarter of any given fiscal year, we would cease to be an emerging growth company as of the following fiscal year. As an emerging growth company, we are not being required to comply with the auditor attestation requirements of section 404 of the Sarbanes-Oxley Act, we have reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and we are exempt from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. Additionally, as an emerging growth company, we have elected to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As such, our financial statements may not be comparable to companies that comply with public company effective dates. We cannot predict if investors will find our shares less attractive because we may rely on these provisions. If some investors find our shares less attractive as a result, there may be a less active trading market for our shares and our share price may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, will not adopt the new or revised standard until the time private companies are required to adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accountant standards used.

Target businesses in the specialty pharma and generic drug industries are subject to special considerations and risks.

Business combinations with companies with operations in the specialty pharma and generic drug industries entail special considerations and risks. If we are successful in completing a business combination with a target business with operations in these industries, we will be subject to, and possibly adversely affected by, the following risks:

- increased competition;
- adherence to existing or newly promulgated government regulations;
- regulatory agencies prohibiting the sale of certain products;
- increased efforts to reduce healthcare costs;
- protection of intellectual property;
- litigation, including product liability and intellectual property infringement litigation;
- creation of new and improved drugs or products; and
- changes in technology.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTY

We maintain our principal executive offices at 3 Columbus Circle, 15th Floor, New York, NY. The cost for this space is included in the $10,000 per-month fee Fortress charges us for general and administrative services pursuant to a letter agreement between us and Fortress. We believe, based on rents and fees for similar services in New York, NY, that the fee charged by Fortress is at least as favorable as we could have obtained from an unaffiliated person. We consider our current office space, combined with the other office space otherwise available to our executive officers, adequate for our current operations.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our units are listed on the Nasdaq Capital Market, or Nasdaq, under the symbol "CNLMU." The ordinary shares, rights and warrants are listed on the Nasdaq under the symbols "CNLM," "CNLMR" and "CNLMW," respectively. Units not separated continue to be listed under the symbol "CNLMU."

The following table sets forth the range of high and low sales prices for the units, ordinary shares, rights and warrants for the periods indicated since the units commenced public trading on December 12, 2014, and since the ordinary shares, rights and warrants commenced public trading on January 7, 2015.

	Units		Ordinary Shares		Rights		Warrants	
	High	Low	High	Low	High	Low	High	Low
2015-2016:								
First Quarter*	10.53	10.15	11.00	9.25	0.33	0.16	0.22	0.15
2014-2015:								
Fourth Quarter	10.47	10.26	10.00	9.85	0.35	0.29	0.301	0.20
Third Quarter	10.70	10.31	10.15	9.86	0.426	0.35	0.45	0.25
Second Quarter	10.55	10.11	9.88	9.73	0.44	0.28	0.475	0.181
First Quarter	10.19	10.00	9.73	9.72	0.37	0.25	0.50	0.10

*Through January 31, 2016

Holders

As of January 31, 2016, there were three holders of record of our units, five holders of record of our ordinary shares, one holder of record of our rights and one holder of record of our warrants. We believe we have in excess of 300 beneficial holders of our securities.

Dividends

We have not paid any cash dividends on our ordinary shares to date and do not intend to pay cash dividends prior to the completion of an initial business combination. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition subsequent to completion of a business combination. The payment of any dividends subsequent to a business combination will be within the discretion of our board of directors at such time. It is the present intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board of directors does not anticipate declaring any dividends in the foreseeable future. Further, if we incur any indebtedness, our ability to declare dividends may be limited by restrictive covenants we may agree to in connection therewith.

Initial Public Offering – Use of Proceeds

On December 17, 2014, we closed our initial public offering of 4,000,000 units, with each unit consisting of one Ordinary Share, one Right to automatically receive one-tenth of one Ordinary Share upon consummation of an initial business combination and one Warrant entitling the holder to purchase one-half of one Ordinary Share at a price of $11.50 per full share commencing on our completion of an initial business combination. On December 24, 2014, we sold an additional 200,000 units to EBC upon the exercise notice of the over-allotment option. The units from the initial public offering (including the over-allotment option) were sold at an offering price of $10.00 per unit, generating total gross proceeds of $42,000,000.

Simultaneous with the consummation of the initial public offering, we consummated the private placement of 285,000 private Units ("Private Placement Units") at a price of $10.00 per Private Placement Unit, generating total proceeds of $2,850,000. Of the Private Placement Units, 265,000 were purchased by Fortress, an affiliate of our executive officers, and 20,000 were purchased by EBC in the initial public offering. Simultaneously with the consummation of the exercise of the over-allotment option, EBC purchased an additional 1,000 Private Placement Units at $10.00 per unit for $10,000.

EBC acted as representative of the underwriters for the initial public offering. The securities sold in the offering were registered under the Securities Act of 1933 on a registration statement on Form S-1 (No. 333-99558). The Securities and Exchange Commission declared the registration statement effective on December 12, 2014.

We paid total transaction costs of approximately $1,845,000, inclusive of $1,365,000 of underwriting fees. After deducting the underwriting discounts and commissions and the offering expenses, an aggregate of $42,845,000 was deposited into the trust account. As of November 30, 2015, proceeds not held in trust account were approximately $26,000, which excludes interest income of approximately $29,000 from our investments in trust, were available to be used to provide for business, legal and accounting due diligence on prospective business combinations and continuing general and administrative expenses. The net proceeds deposited into the trust fund remain on deposit in the trust fund earning interest. As of November 30, 2015, there was $42,873,844 held in the trust fund, including interest.

Purchases of Equity Securities by Issuer and Affiliates

No purchases of our equity securities have been made by us or affiliated purchasers within the fourth quarter of the fiscal year ended November 30, 2015.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

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

References in this report to "we," "us" or the "Company" refer to CB Pharma Acquisition Corp. References to our "management" or our "management team" refers to our officers and directors. The following discussion should be read in conjunction with our Financial Statements and footnotes thereto contained in this report.

Forward Looking Statements

All statements other than statements of historical fact included in this Form 10-K including, without limitation, statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding our financial position, business strategy and the plans and objectives of management for future operations, are forward looking statements. When used in this Form 10-K, words such "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions, as they relate to us or our management, identify forward looking statements. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission ("SEC") filings. References to "we", "us", "our" or the "Company" are to CB Pharma Acquisition Corp., except where the context requires otherwise. Such forward looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. No assurance can be given that results in any forward-looking statement will be achieved and actual results could be affected by one or more factors, which could cause them to differ materially. The cautionary statements made in this Annual Report on Form 10-K should be read as being applicable to all forward-looking statements whenever they appear in this Annual Report. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act. Actual results could differ materially from those contemplated by the forward looking statements as a result of certain factors detailed in our filings with the Securities and Exchange Commission. All subsequent written or oral forward looking statements attributable to us or persons acting on our behalf are qualified in their entirety by this paragraph.

Overview

We are a blank check company in the development stage, formed on August 26, 2014 to acquire, through a merger, share exchange, asset acquisition, share purchase, recapitalization, reorganization or other similar business combination, one or more businesses or entities (a "Business Combination"). Our efforts to identify a prospective target business will not be limited to a particular industry or geographic region of the world although we initially intend to focus on target businesses in North America, Europe, South America and Asia operating in the specialty pharmaceutical and generic drug industries.

We presently have no revenue; our net losses were approximately $384,000 and $8,600 for the year ended November 30, 2015 and for the period from August 26, 2014 (inception) to November 30, 2014, respectively, consists primarily of professional fees related to public company compliance and costs related to search for business combination. For the year ended November 30, 2015 and for the period from August 26, 2014 (inception) to November 30, 2014, interest income on cash and marketable securities held in trust was approximately $29,000 and $0, respectively.

On December 17, 2014, we consummated our Initial Public Offering of 4,000,000 units with each unit consisting of one ordinary share, par value $.0001 per share ("Ordinary Share"), one right ("Right") to automatically receive one-tenth of one Ordinary Share upon consummation of an initial Business Combination and one warrant ("Warrant") entitling the holder to purchase one-half of one Ordinary Share at a price of $11.50 per full share commencing on our completion of an initial Business Combination. Simultaneous with the consummation of the Initial Public Offering, we consummated the private placement of 285,000 private Units ("Private Placement Units") at a price of $10.00 per Private Placement Unit, generating total proceeds of $2,850,000. Of the Private Placement Units, 265,000 were purchased by Fortress Biotech, Inc. ("Fortress"), formerly known as Coronado Biosciences, Inc., an affiliate of our executive officers and the holder of a majority of our Ordinary Shares prior to the Initial Public Offering, and 20,000 were purchased by EBC, the representative of the underwriters of the Initial Public Offering ("EBC").

Following the closing of the Initial Public Offering on December 17, 2014, an amount of $40,900,000 from the net proceeds of the sale of the Units in the Initial Public Offering and the Private Placement Units, net of fees associated with the Initial Public Offering was placed in a Trust Account ("Trust Account") and was invested in U.S. government treasury bills, bonds or notes with a maturity of 180 days or less or in money market funds selected by us meeting the conditions of paragraphs (c)(2), (c)(3) and (c)(4) of Rule 2a-7 of the Investment Company Act of 1940, as determined by the Company, until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the Trust Account.

On December 24, 2014, we consummated the closing of the sale of 200,000 Units which were sold pursuant to the underwriters' over-allotment option. We also consummated a simultaneous private placement of an additional 1,000 Private Placement Units to EBC. Following the closing of the over-allotment an additional $1,945,000 of net proceeds was placed in the Trust Account, amounting to $42,845,000 (approximately $10.20 per Unit) held in Trust Account.

Costs relating to the Initial Public Offering were approximately $1,845,000 and were charged to additional paid in capital.

Our management has broad discretion with respect to the specific application of the net proceeds of the offering and the Private Placement, although substantially all of the net proceeds are intended to be applied generally towards consummating a Business Combination successfully.

Critical Accounting Policy

Ordinary Shares Subject to Possible Conversion

The Company accounts for its Ordinary Shares subject to possible conversion in accordance with the guidance provided in ASC 480 "Distinguishing Liabilities from Equity". Ordinary Shares subject to mandatory conversion (if any) are classified as a liability instrument and measured at fair value. Conditionally convertible Ordinary Shares (including Ordinary Shares that feature conversion rights that are either within the control of the holder or subject to conversion upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, Ordinary Shares are classified as stockholders' equity. The Company's Ordinary Shares feature certain conversion rights that are considered by the Company to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly at November 30, 2015, the Ordinary Shares subject to possible conversion are presented as temporary equity, outside of the shareholders' equity section of our balance sheet.

Results of Operations

We have neither engaged in any business operations nor generated any revenues to date. Our entire activity from inception up to the closing of our Offering on December 17, 2014 was in preparation for that event. Subsequent to the Offering, our activity has been limited to the evaluation of Business Combination candidates, and we will not be generating any operating revenues until the closing and completion of our initial Business Combination. We have, and expect to continue to generate small amounts of non-operating income in the form of interest income on cash and cash equivalents. Interest income is not expected to be significant in view of current low interest rates on risk-free investments (treasury securities). We expect to incur increased expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the year fiscal ended November 30, 2015, we had net losses of approximately $384,000, which consisted of operating expenses of approximately $413,000 offset by interest income from our Trust Account of approximately $29,000.

For the period from August 26, 2014 (inception) to November 30, 2015 we had net losses of approximately $8,600.

Our operating expenses principally consisted of expenses related to our public filings and listing and identification and due diligence related to a potential target business, and to general operating expenses including printing, insurance and office expenses. Until we consummate a Business Combination, we will have no operating revenues.

Liquidity and Capital Resources

As of November 30, 2015, we had a balance of cash and cash equivalents of approximately $26,000.

Through November 30, 2015, our liquidity needs were satisfied through receipt of approximately $407,000 from the sale of units held outside of the Trust Account and loans in an aggregate of $150,000 from Fortress which were evidenced by convertible promissory notes. Of the $407,000 initially held outside of the Trust Account, $200,000 was used to repay other amounts previously loaned to us by Fortress prior to the Offering. In addition to these convertible notes, Fortress paid for professional services provided to us for $7,715 and have deferred payment of their administrative service fee of $115,000 through November 30, 2015, until a successful business combination is achieved.

We intend to use substantially all of the net proceeds of the Offering, including the funds held in the Trust Account, to acquire a target business or businesses and to pay our expenses relating thereto, upon consummation of our initial Business Combination. To the extent that our capital stock is used in whole or in part as consideration to affect our initial Business Combination, the remaining proceeds held in the Trust Account as well as any other net proceeds not expended will be used as working capital to finance the operations of the target business. Such working capital funds could be used in a variety of ways including continuing or expanding the target business' operations, for strategic acquisitions and for marketing, research and development of existing or new products. Such funds could also be used to repay any operating expenses or finders' fees which we had incurred prior to the completion of our initial Business Combination if the funds available to us outside of the Trust Account were insufficient to cover such expenses.

Fortress has committed to provide loans to us for our working capital needs for up to $500,000. To this end, Fortress loaned to us $100,000 in March 2015, $50,000 in October 2015, and $100,000 in February 2016. The loans provided by Fortress are evidenced by notes and will either be repaid upon the consummation of a Business Combination or, at the option of the holder, up to $500,000 may be convertible into additional Private Placement Units at a price of $10.00 per Private Placement Unit. Based on the foregoing, we believe we will have sufficient cash to meet our needs through the earlier of consummation of a Business Combination or twelve months from the balance sheet date. Over this time period, we will be using these funds for paying existing accounts payable, identifying and evaluating prospective acquisition candidates, performing business due diligence on prospective target businesses, traveling to and from the offices, plants or similar locations of prospective target businesses, reviewing corporate documents and material agreements of prospective target businesses, selecting the target business to acquire and structuring, negotiating and consummating the Business Combination. We anticipate that our uses of cash for the next six months will be approximately $270,000 of expenses for the search for target businesses and for the legal, accounting and other third-party expenses attendant to the due diligence investigations, structuring and negotiating of a Business Combination.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company's financial statements.

Contractual Obligations

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide this information.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of November 30, 2015.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of November 30, 2015, we were not subject to any market or interest rate risk. The net proceeds of our initial public offering, including amounts in the trust account, have been invested in United States government treasury bills, bonds or notes having a maturity of 180 days or less, or in money market funds meeting the applicable conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940 and that invest solely in U.S. treasuries. Due to the short-term nature of these investments, we believe there will be no associated material exposure to interest rate risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

This information appears following Item 15 of this Report and is incorporated herein by reference.

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

None.

ITEM 9A. CONTROL AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the fiscal year ended November 30, 2015, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial and accounting officer have concluded that during the period covered by this report, our disclosure controls and procedures were effective.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting refers to the process designed by, or under the supervision of, our principal executive, principal financial and principal accounting officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and

3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of our assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the company.

Our management's assessment of the effectiveness of our internal control system as of November 30, 2015 was based on the framework for effective internal control over financial reporting described in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, known as COSO. Based on this assessment, our principal executive, principal financial and principal accounting officer has concluded that our internal control over financial reporting was effective as of November 30, 2015.

This Form 10-K does not include an attestation report of internal controls from the company's registered public accounting firm due to our status as an emerging growth company under the JOBS Act.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fiscal quarter ended November 30, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

Our current directors and executive officers are as follows:

Name	Age	Position
Lindsay A. Rosenwald, M.D.	60	Co-Chairman of the Board and Chief Executive Officer
Michael S. Weiss	49	Co-Chairman of the Board
George C. Avgerinos, Ph.D.	61	Chief Operating Officer and Secretary
Adam J. Chill	48	Director
Arthur A. Kornbluth	56	Director
Neil Herskowitz	58	Director

Lindsay A. Rosenwald, M.D., has served as our Co-Chairman of the Board and Chief Executive Officer since our inception. We believe Dr. Rosenwald is well-qualified to serve as a member of the Board due to his business leadership, operational experience and contacts. Dr. Rosenwald is a co-founder of Opus Point Partners, LLC, a long-short hedge fund that specializes in life science investments founded in January 2009, and he has served as one of its partners since such time. From 1991 to 2008, he served as the Chairman of Paramount BioCapital, Inc., a private investment banking firm and an SEC- and NASD-registered broker-dealer specializing in private placements of equity and debt securities for publicly-traded and privately-held companies in the biomedical, biopharmaceutical and medical technology industries. He also served as managing member of Paramount Biosciences LLC (and its predecessor, Paramount BioCapital Investments, LLC), an entity engaged in the research, formation and acquisition of seed-stage and distressed life science technologies and companies, identifying and evaluating a broad spectrum of therapeutic and medical technologies in order to capture innovations with significant commercial potential from 1996 to 2008, and as chairman and chief executive officer of Paramount BioCapital Asset Management, Inc., an asset management firm focused on healthcare and life science companies, from 1994 to 2008. Dr. Rosenwald also served as Chairman of the Board of Paramount Acquisition Corp., a blank check company, from October 2005 until its merger with B.J.K. Inc., a New York corporation doing business as Chem Rx ("Chem Rx"), in October 2007. Chem Rx was unprofitable in the period shortly after the consummation of the business combination, in less than two years stopped complying with its SEC reporting obligations, and in less than three years filed a bankruptcy petition. Dr. Rosenwald has served as the Chairman, President and Chief Executive Officer of Fortress since December 2013 and has served as a member of its board of directors since October 2009. Dr. Rosenwald received his B.S. in finance from Pennsylvania State University and his M.D. from Temple University School of Medicine.

Michael S. Weiss has served as our Co-Chairman of the Board of Directors since our inception. We believe Mr. Weiss is well-qualified to serve as a member of the Board due to his extensive investment experience and experience and contacts in the biotechnology and pharmaceutical industries. Michael S. Weiss is a co-founder of Opus Point Partners, LLC which was founded in 2009 and has served as one of its partners since such time. In 1999, Mr. Weiss founded Access Oncology, a cancer focused biotechnology company, which was later acquired by Keryx Biopharmaceuticals, Inc. in 2004. Following the merger, Mr. Weiss remained as Chief Executive Officer of Keryx until 2009. Keryx incurred net losses in each of the years during which Mr. Weiss served as Chief Executive Officer, with a maximum net loss of approximately $90 million. Mr. Weiss began his professional career as a lawyer with Cravath, Swaine & Moore LLP in New York City. In 2011, Mr. Weiss co-founded TG Therapeutics, Inc. (NASDAQ: TGTX), a publicly-traded biotechnology company focused on acquiring, developing and commercializing drugs for the treatment of b-cell malignancies. Mr. Weiss currently serves as TG's Executive Chairman, Interim CEO and President. Mr. Weiss has served as Executive Vice Chairman, Strategic Development of Fortress since February 2014 and from December 2013 to February 2014 served as Co-Vice Chairman of its board of directors. Mr. Weiss earned his J.D. from Columbia Law School and his B.S. in Finance from The University at Albany.

George C. Avgerinos, Ph.D., has served as a Chief Operating Officer and Secretary since our inception. Dr. Avgerinos has served as Senior Vice President, Biologics Operations of Fortress since June 2013. Dr. Avgerinos joined Fortress from AbbVie Inc., where he had been Vice President, HUMIRA® Manufacturing Sciences and External Partnerships since 1990. In his 23 year career at AbbVie, formerly Abbott Laboratories, formerly BASF Bioresearch Corporation (BASF), Dr. Avgerinos had responsibility for many aspects of Biologics development and operations. These included the HUMIRA®operations franchise, global biologics process and manufacturing sciences, biologics CMC, manufacturing operations, and third party manufacturing. During his tenure, Dr. Avgerinos led and participated in the development of numerous clinical candidates which included the launch of HUMIRA®. He supported expansion of the supply chain to over $9 Billion in annual global sales. Dr. Avgerinos' efforts on HUMIRA ® have been recognized with numerous awards, including the prestigious Abbott's Chairman's award in 2011. Dr. Avgerinos started his career at Biogen, Inc. in 1981 and subsequently joined Collaborative Research Inc. while serving as Adjunct Associate Professor of Chemical Engineering at Tufts University. Dr. Avgerinos has authored numerous publications in the area of biotechnology product development and manufacturing and holds a number of product and process patents. Dr. Avgerinos received a B.A. in Biophysics from the University of Connecticut and a Ph.D. in Biochemical Engineering from the Massachusetts Institute of Technology.

Adam J. Chill has served as a member of the Board since November 2014. We believe Mr. Chill is well-qualified to serve as a member of the Board due to his extensive financial and legal experience and contacts. Mr. Chill is the President of and a Portfolio Manager at Kingsbrook Partners LP, an alternative asset management firm he co-founded in March 2009. From February 2001 to March 2009, Mr. Chill was a Portfolio Manager and Managing Director at Highbridge Capital Management, LLC, an alternative asset management firm owned by J.P. Morgan Asset Management. At Highbridge, Mr. Chill was responsible for structuring, negotiating and monitoring Highbridge's portfolio of structured investments in public and private companies worldwide. From April 2000 to February 2001, Mr. Chill worked at Angelo, Gordon & Co., an alternative asset management firm. From October 1992 to April 2000, Mr. Chill was a corporate attorney specializing in securities and mergers and acquisitions at Stroock & Stroock & Lavan LLP. Mr. Chill serves as Vice President and a member of the Executive Committee of the American Friends of Shalva, the Association for Mentally and Physically Challenged Children in Israel. Mr. Chill received his B.A., *magna cum laude*, from Yeshiva University and his J.D. from Columbia University School of Law, where he was a Harlan Fiske Stone Scholar.

Arthur Asher Kornbluth, M.D. has served as a member of the Board since November 2014. We believe Dr. Kornbluth is well-qualified to serve as a member of the Board due to his extensive experience and contacts in the medical industry. Dr. Kornbluth has been practicing medicine for the past 25 years. Dr. Kornbluth is a Board Certified Gastroenterologist and Clinical Professor of Medicine at Mount Sinai Medical Center and the Icahn School of Medicine at Mount Sinai in New York City, an internationally recognized leading center in the clinical research and management of inflammatory bowel disease. Dr. Kornbluth is an active clinical investigator and practicing clinician, with a large practice specializing in the management of patients with complex inflammatory bowel disease. He has published in peer-reviewed journals regarding the pharmacologic and biologic treatments of inflammatory bowel disease. He is the author of several book chapters regarding the diagnosis and management of inflammatory bowel disease. He is the principal author of the American College of Gastroenterology's "Ulcerative Colitis Practice Guidelines in Adults" for all three editions. He has taught and lectured throughout the United States and has received numerous awards as a medical educator. He is a member of the American Gastroenterology Association, the American College of Gastroenterology and the Alpha Omega Alpha Honor Medical Society, for which he was selected as both an educator and clinician at the Mount Sinai School of Medicine. He is a member of the Crohn's and Colitis Foundation of America and has served on the Foundation's Clinical Research Alliance and on their Clinical Trials Protocol Review Committee. Dr. Kornbluth received his B.S. from Brooklyn College and his M.D. from Downstate Medical Center. He completed his postgraduate training in internal medicine at the Albert Einstein College of Medicine, where he was chosen as chief medical resident. He performed his gastroenterology fellowship at the Mount Sinai Medical Center in New York City.

Neil Herskowitz has served as a member of the Board since November 2014. We believe Mr. Herskowitz is well-qualified to serve as a member of the Board due to his extensive experience and contacts in the medical industry, as well as his audit committee experience. Mr. Herskowitz has served as the Managing Member of ReGen Partners LLC, an investment fund located in New York, and as the President of its affiliate, Riverside Claims LLC, since June 2004. He serves on the board of directors of TG Therapeutics, Inc., a biopharmaceutical company focused on the acquisition, development and commercialization of novel treatments for cancer and autoimmune diseases, and Starting Point Services for Children, a not-for-profit corporation. Mr. Herskowitz previously served as a director and Audit Committee Chairman of Chelsea Therapeutics, a publicly traded pharmaceutical development company. Mr. Herskowitz received a B.B.A. in Finance from Bernard M. Baruch College in 1978.

Audit Committee

Effective December 12, 2014, we established an audit committee of the board of directors, which consists of Adam J. Chill, Arthur A. Kornbluth and Neil Herskowitz, each of whom is an independent director under the Nasdaq's listing standards. The audit committee's duties, which are specified in our Audit Committee Charter, include, but are not limited to:

- reviewing and discussing with management and the independent auditor the annual audited financial statements, and recommend to the board whether the audited financial statements should be included in our Form 10-K;
- discussing with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of our financial statements;
- discussing with management major risk assessment and risk management policies;
- monitoring the independence of the independent auditor;
- verifying the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;
- reviewing and approving all related-party transactions;
- inquiring and discussing with management our compliance with applicable laws and regulations;
- pre-approving all audit services and permitted non-audit services to be performed by our independent auditor, including the fees and terms of the services to be performed;
- appointing or replacing the independent auditor;
- determining the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work;
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or reports which raise material issues regarding our financial statements or accounting policies; and
- approving reimbursement of expenses incurred by our management team in identifying potential target businesses.

Financial Experts on Audit Committee

The audit committee will at all times be composed exclusively of "independent directors" who are "financially literate" as defined under Nasdaq listing standards. Nasdaq listing standards define "financially literate" as being able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.

In addition, we must certify to Nasdaq that the committee has, and will continue to have, at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual's financial sophistication. The board of directors has determined that Neil Herskowitz qualifies as an "audit committee financial expert," as defined under rules and regulations of the SEC.

Nominating Committee

Effective December 12, 2014, we have established a nominating committee of the board of directors, which consists of Adam J. Chill, Arthur A. Kornbluth and Neil Herskowitz, each of whom is an independent director under Nasdaq's listing standards. The nominating committee is responsible for overseeing the selection of persons to be nominated to serve on our board of directors. The nominating committee considers persons identified by its members, management, shareholders, investment bankers and others.

Guidelines for Selecting Director Nominees

The guidelines for selecting nominees, which are specified in the Nominating Committee Charter, generally provide that the persons to be nominated:

- should have demonstrated notable or significant achievements in business, education or public service;
- should possess the requisite intelligence, education and experience to make a significant contribution to the board of directors and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and
- should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of the shareholders.

Compensation Committee

Effective as of December 12, 2014, we established a compensation committee of the board of directors, which consists of Adam J. Chill, Arthur A. Kornbluth and Neil Herskowitz, each of whom is an independent director under Nasdaq's listing standards. The compensation committee's duties, which are specified in our Compensation Committee Charter, include, but are not limited to:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluating our Chief Executive Officer's performance in light of such goals and objectives and determining and approving the remuneration (if any) of our Chief Executive Officer's based on such evaluation;
- reviewing and approving the compensation of all of our other executive officers;
- reviewing our executive compensation policies and plans;
- implementing and administering our incentive compensation equity-based remuneration plans;

- assisting management in complying with our proxy statement and annual report disclosure requirements;
- approving all special perquisites, special cash payments and other special compensation and benefit arrangements for our executive officers and employees;
- if required, producing a report on executive compensation to be included in our annual proxy statement; and
- reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.

Notwithstanding the foregoing, as indicated above, other than the $10,000 per month administrative fee payable to Fortress, no compensation of any kind, including finders, consulting or other similar fees, will be paid to any of our existing shareholders, including our directors, or any of their respective affiliates, prior to, or for any services they render in order to effectuate, the consummation of a business combination. Accordingly, it is likely that prior to the consummation of an initial business combination, the compensation committee will only be responsible for the review and recommendation of any compensation arrangements to be entered into in connection with such initial business combination.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and ten percent stockholders are required by regulation to furnish us with copies of all Section 16(a) forms they file. Based solely on copies of such forms received or written representations from certain reporting persons that no Form 5s were required for those persons, we believe that, during the fiscal year ended November 30, 2015, all filing requirements applicable to our officers, directors and greater than ten percent beneficial owners were complied with.

Code of Ethics

On December 12, 2014, our board of directors adopted a code of ethics that applies to our executive officers, directors and employees. The code of ethics codifies the business and ethical principles that governs aspects of our business.

ITEM 11. EXECUTIVE COMPENSATION

No executive officer has received any cash compensation for services rendered to us. Commencing on the date of our initial public offering through the acquisition of a target business, we will pay Fortress, an affiliate of our executive officers, a fee of $10,000 per month for providing us with office space and certain office and secretarial services. However, this arrangement is solely for our benefit and is not intended to provide our executive officers compensation in lieu of a salary. Other than the $10,000 per month administrative fee, no compensation of any kind, including finders, consulting or other similar fees, will be paid to any of our existing shareholders, including our directors, or any of their respective affiliates, prior to, or for any services they render in order to effectuate, the consummation of a business combination. However, such individuals will be reimbursed for any out-of-pocket expenses incurred in connection with activities on our behalf such as identifying potential target businesses and performing due diligence on suitable business combinations. There is no limit on the amount of these out-of-pocket expenses and there will be no review of the reasonableness of the expenses by anyone other than our board of directors and audit committee, which includes persons who may seek reimbursement, or a court of competent jurisdiction if such reimbursement is challenged.

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

The following table sets forth information regarding the beneficial ownership of our ordinary shares as of November 30, 2015, by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding ordinary;
- each of our officers and directors; and
- all our officers and directors as a group.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all ordinary shares beneficially owned by them. The following table does not reflect record of beneficial ownership of any Ordinary Shares issuable upon exercise of Warrants or Rights as such securities are not exercisable or convertible within 60 days.

Name and Address of Beneficial Owner[1]	Amount and Nature of Beneficial Ownership	Percent of Class
Lindsay A. Rosenwald, M.D.	1,285,000[2]	23.2%
Michael S. Weiss	—[3]	—
George C. Avgerinos, Ph.D.	—[3]	—
Adam J. Chill	10,000	*
Arthur A. Kornbluth, M.D.	10,000	*
Neil Herskowitz	10,000	*
Fortress Biotech, Inc.	1,285,000	23.21%
Polar Securities Inc.[4]	750,000[5]	13.55%
Davidson Kempner Capital Management LP	350,000	6.32%
All directors and executive officers as a group (six individuals)	1,315,000	23.75%

*Less than one percent.

(1) Unless otherwise indicated, the business address of each of the individuals is 24 New England Executive Park, Suite 105, Burlington, Massachusetts 01803.

(2) Includes shares held by Fortress of which Dr. Rosenwald is Chairman, President and Chief Executive Officer and therefore may be deemed to control the voting and disposition of such shares.

(3) Does not include the shares held by Fortress of which each of these individuals is an officer.

(4) The business address of Polar Securities Inc. is 401 Bay Street, Suite 1900, PO Box 19, Toronto, Ontario M5H 2Y4, Canada. Information derived from a Schedule 13G/A filed on December 22, 2014.

(5) Includes Ordinary Shares held by North Pole Capital Master Fund, for which Polar Securities Inc. serves as investment manager.

All of the insider shares outstanding prior to December 12, 2014 have been placed in escrow with Continental Stock Transfer & Trust Company, as escrow agent, until (1) with respect to 50% of the insider shares, the earlier of one year after the date of the consummation of our initial business combination and the date on which the closing price of our ordinary shares equals or exceeds $12.50 per share (as adjusted for share splits, share dividends, reorganizations and recapitalizations) for any 20 trading days within any 30-trading day period commencing after our initial business combination and (2) with respect to the remaining 50% of the insider shares, one year after the date of the consummation of our initial business combination, or earlier, in either case, if, subsequent to our initial business combination, we consummate a liquidation, merger, share exchange or other similar transaction which results in all of our shareholders having the right to exchange their shares for cash, securities or other property.

During the escrow period, the holders of these shares will not be able to sell or transfer their securities except (i) for transfers to an entity's members upon its liquidation, (ii) to relatives and trusts for estate planning purposes, (iii) by virtue of the laws of descent and distribution upon death, (iv) pursuant to a qualified domestic relations order, (v) by certain pledges to secure obligations incurred in connection with purchases of our securities, (vi) by private sales made at or prior to the consummation of a business combination at prices no greater than the price at which the shares were originally purchased or (vii) to us for no value for cancellation in connection with the consummation of our initial business combination, in each case (except for clause (vii)) where the transferee agrees to the terms of the escrow agreement, but will retain all other rights as our shareholders, including, without limitation, the right to vote their ordinary shares and the right to receive cash dividends, if declared. If dividends are declared and payable in ordinary shares, such dividends will also be placed in escrow. If we are unable to effect a business combination and liquidate the trust account, none of our initial shareholders will receive any portion of the liquidation proceeds with respect to their insider shares.

Equity Compensation Plans

As of November 30, 2015, we had no compensation plans (including individual compensation arrangements) under which equity securities were authorized for issuance.

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

Initial Shares

In August 2014, the Company issued 1,150,000 Initial Shares to the Initial Shareholders for an aggregate purchase price of $25,000. The Initial Shares included an aggregate of up to 150,000 shares subject to compulsory repurchase for an aggregate purchase price of $0.01 to the extent that the underwriters' over-allotment option was not exercised in full or in part, so that the Initial Shareholders would collectively own 20.0% of the issued and outstanding shares after the initial public offering (excluding the sale of the Private Placement Units). On December 18, 2014, EBC notified the Company that it had elected to exercise a portion of the over-allotment option for 200,000 additional units at $10.00 per unit for an additional $2,000,000, The partial exercise resulted in a reduction of 50,000 Ordinary Shares subject to compulsory repurchase resulting in a total of 100,000 Ordinary Shares being compulsory repurchased on January 5, 2015.

The Initial Shares are identical to the Ordinary Shares included in the Units sold in the initial public offering. However, the Initial Shareholders have agreed (A) to vote their Initial Shares (as well as any shares acquired after the initial public offering) in favor of any proposed business combination, (B) not to propose, or vote in favor of, an amendment to the amended and restated memorandum and articles of association with respect to pre-business combination activities prior to the consummation of such a business combination unless the Company provides dissenting public shareholders with the opportunity to convert their public shares into the right to receive cash from the Trust Account in connection with any such vote, (C) not to convert any Initial Shares (as well as any other shares acquired after the initial public offering) into the right to receive cash from the Trust Account in connection with a shareholder vote to approve a proposed initial business combination (or sell any shares they hold to the Company in a tender offer in connection with a proposed initial business combination) or a vote to amend the provisions of the amended and restated memorandum and articles of association relating to shareholders' rights or pre-business combination activity and (D) that the Initial Shares shall not participate in any liquidating distribution upon winding up if a business combination is not consummated. Additionally, the Initial Shareholders have agreed not to transfer, assign or sell any of the Initial Shares (except to certain permitted transferees) until (1) with respect to 50% of the Initial Shares, the earlier of one year after the date of the consummation of initial business combination and the date on which the closing price of Ordinary Shares equals or exceeds $12.50 per share (as adjusted for share splits, share dividends, reorganizations and recapitalizations) for any 20 trading days within any 30-trading day period commencing after initial business combination and (2) with respect to the remaining 50% of the Initial Shares, one year after the date of the consummation of initial business combination, or earlier, in either case, if, subsequent to initial business combination, the Company consummates a liquidation, merger, stock exchange or other similar transaction which results in all of shareholders having the right to exchange their ordinary shares for cash, securities or other property.

Promissory Notes

The Company issued a $200,000 principal amount unsecured promissory note to Fortress. The note was non-interest bearing and became due and payable on the consummation of the Initial Public Offering. Due to the short-term nature of the note, the fair value of the note approximated the carrying amount. The Company repaid this note on December 18, 2014 from the proceeds received upon closing of the Initial Public Offering

In March and October 2015, the Company issued an aggregate of $150,000 convertible promissory notes to Fortress to evidence loans made by Fortress to the Company. The loans are unsecured, non-interest bearing and payable at the consummation of a merger, share exchange, asset acquisition, or other similar Business Combination by the Company. Upon consummation of a Business Combination, the principal balance of the note may be converted, at the holder's option, to units at a price of $10.00 per unit. The terms of the units will be identical to the units issued by the Company in the Private Placement. If the holder converts the entire principal balance of the convertible promissory note, it would receive 15,000 units. If a Business Combination is not consummated, the note will not be repaid by the Company and all amounts owed thereunder by the Company will be forgiven except to the extent that the Company had funds available to it outside of its Trust Account.

Administrative Service Fee

The Company, commencing on December 12, 2014, has agreed to pay Fortress a monthly fee of $10,000 for general and administrative services. However, pursuant to the terms of such agreement, the Company may delay payment of such monthly fee upon a determination by the Company's audit committee that the Company lacks sufficient funds held outside the Trust Account to pay actual or anticipated expenses in connection with an initial Business Combination. Any such unpaid amount will accrue without interest and either is due and payable no later than the date of the consummation of an initial Business Combination, or, at Fortress's option, treated as working capital loans and will be convertible into additional Private Placement Units. As of November 30, 2015, accounts payable to Fortress was $122,715; of which $115,000 represents the accrued service fee and $7,715 represents invoices of the Company paid by Fortress. Additionally, invoices totaling $502 which are no longer included in this balance were repaid to Fortress by the Company in December 2014.

Related Party Policy

Our Code of Ethics, which we adopted upon consummation of our initial public offering, requires us to avoid, wherever possible, all related party transactions that could result in actual or potential conflicts of interests, except under guidelines approved by the board of directors (or the audit committee). Related-party transactions are defined as transactions in which (1) the aggregate amount involved will or may be expected to exceed $120,000 in any calendar year, (2) we or any of our subsidiaries is a participant, and (3) any (a) executive officer, director or nominee for election as a director, (b) greater than 5% beneficial owner of our ordinary shares, or (c) immediate family member, of the persons referred to in clauses (a) and (b), has or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). A conflict of interest situation can arise when a person takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise if a person, or a member of his or her family, receives improper personal benefits as a result of his or her position.

We also require each of our directors and executive officers to annually complete a directors' and officers' questionnaire that elicits information about related party transactions.

Our audit committee, pursuant to its written charter, is responsible for reviewing and approving related-party transactions to the extent we enter into such transactions. All ongoing and future transactions between us and any of our officers and directors or their respective affiliates will be on terms believed by us to be no less favorable to us than are available from unaffiliated third parties. Such transactions will require prior approval by our audit committee and a majority of our uninterested "independent" directors, or the members of our board who do not have an interest in the transaction, in either case who had access, at our expense, to our attorneys or independent legal counsel. We will not enter into any such transaction unless our audit committee and a majority of our disinterested "independent" directors determine that the terms of such transaction are no less favorable to us than those that would be available to us with respect to such a transaction from unaffiliated third parties. Additionally, we require each of our directors and executive officers to complete a directors' and officers' questionnaire that elicits information about related party transactions.

These procedures are intended to determine whether any such related party transaction impairs the independence of a director or presents a conflict of interest on the part of a director, employee or officer.

To further minimize potential conflicts of interest, we have agreed not to consummate a business combination with an entity, which is affiliated with any of our initial shareholders unless we obtain an opinion from an independent investment banking firm that the business combination is fair to our unaffiliated shareholders from a financial point of view. Furthermore, in no event will any of our existing officers, directors, special advisors or initial shareholders, or any entity with which they are affiliated, be paid any finder's fee, consulting fee or other compensation prior to, or for any services they render in order to effectuate, the consummation of a business combination.

Director Independence

Currently Adam J. Chill, Arthur A. Kornbluth and Neil Herskowitz would each be considered an "independent director" under the Nasdaq listing rules, which is defined generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship, which, in the opinion of the company's board of directors would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. Our independent directors will have regularly scheduled meetings at which only independent directors are present.

We will only enter into a business combination if it is approved by a majority of our independent directors. Additionally, we will only enter into transactions with our officers and directors and their respective affiliates that are on terms no less favorable to us than could be obtained from independent parties. Any related-party transactions must be approved by our audit committee and a majority of disinterested independent directors.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The firm of Marcum LLP acts as our independent registered public accounting firm. The following is a summary of fees paid to Marcum LLP for services rendered.

Audit-Related Fees

During the fiscal years ended November 30, 2015 and the period from August 26, 2014 (inception) to November 30, 2014, audit-related fees for our independent registered public accounting firm were approximately $50,900 and $65,000, respectively.

Tax Fees

During the fiscal year ended November 30, 2015 and the period from August 26, 2014 (inception) to November 20, 2014, fees for tax services for our independent registered public accounting firm were $0 respectively.

All Other Fees

During the fiscal years ended November 30, 2015 and the period from August 26, 2014 (inception) to November 30, 2014, fees for other services were $0.

Audit Committee Approval

Since our audit committee was not formed until December 12, 2014, the audit committee did not pre-approve all of the foregoing services although any services rendered prior to the formation of our audit committee were approved by our board of directors. However, in accordance with Section 10A(i) of the Securities Exchange Act of 1934, before we engage our independent accountant to render audit or non-audit services on a going-forward basis, the engagement will be approved by our audit committee.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following Exhibits are filed as part of this report.

Exhibit No.	Description
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

CB PHARMA ACQUISITION CORP.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of the
Board of Directors and Shareholders
of CB Pharma Acquisition Corp.

We have audited the accompanying balance sheets of CB Pharma Acquisition Corp. (the "Company") as of November 30, 2015 and 2014, and the related statements of operations, changes in shareholders' equity and cash flows for the year ended November 30, 2015 and for the period from August 26, 2014 (inception) through November 30, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CB Pharma Acquisition Corp., as of November 30, 2015 and 2014, and the results of its operations and its cash flows for the year ended November 30, 2015 and for the period from August 26, 2014 (inception) through November 30, 2014 in conformity with accounting principles generally accepted in the United States of America.

/s/Marcum llp

Marcum LLP
New York, NY
February 29, 2016

CB PHARMA ACQUISITION CORP.
BALANCE SHEETS

	As of November 30,	
	2015	**2014**
Assets		
Current assets		
Cash and cash equivalents	$ 26,192	$ 100,170
Prepaid expenses and other assets	37,328	-
Total current assets	63,520	100,170
Cash and marketable securities held in Trust Account	42,873,844	-
Deferred offering costs associated with initial public offering	-	136,837
Total assets	**$ 42,937,364**	**$ 237,007**
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	$ 16,780	$ 20,567
Accounts payable - related party	122,715	-
Note payable to related party	150,000	200,000
Total current liabilities	289,495	220,567
Commitments		
Ordinary shares subject to possible conversion, $.0001 par value; 3,688,039 and -0- shares at conversion value at November 30, 2015 and 2014	37,647,868	-
Shareholders' Equity:		
Preferred shares, $.0001 par value; 1,000,000 shares authorized; no shares issued and outstanding at November 30, 2015 and 2014	-	-
Ordinary shares, $.0001 par value; 100,000,000 shares authorized; 1,847,961 and 1,150,000 shares issued and outstanding at November 30, 2015 and 2014, respectively (excluding 3,688,039 shares subject to conversion at November 30, 2015)	185	115
Additional paid-in capital	5,392,341	24,885
Accumulated deficit	(392,525)	(8,560)
Total Shareholders' Equity	5,000,001	16,440
Total Liabilities and Shareholders' Equity	**$ 42,937,364**	**$ 237,007**

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

CB PHARMA ACQUISITION CORP.
STATEMENTS OF OPERATIONS

	For the fiscal year ended November 30, 2015	From August 26, 2014 (inception) to November 30, 2014
Formation and operating costs	$ 289,009	$ 8,560
Operating cost - related parties	123,800	-
Loss from operations	(412,809)	(8,560)
Interest income	28,844	-
Net loss	**$ (383,965)**	**$ (8,560)**
Basic and diluted net loss per ordinary share	$ (0.21)	$ (0.01)
Weighted average shares outstanding, basic and diluted (1)	1,786,682	1,000,000

(1) This number excludes an aggregate of up to 3,688,039 ordinary shares subject to possible conversion for the year ended November 30, 2015 and 150,000 ordinary shares subject to compulsory repurchase if the over-allotment was not exercised by the underwriters for the period from August 26, 2014 (inception) to November 30, 2014. (See Note 5)

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

CB PHARMA ACQUISITION CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Ordinary Shares		Additional Paid-In	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Deficit	Equity
Balance - August 26, 2014	**-**	**$ -**	**$ -**	**$ -**	-
Ordinary shares issued to initial shareholders	1,150,000	115	24,885	-	25,000
Net loss	-	-	-	(8,560)	(8,560)
Balance - November 30, 2014	**1,150,000**	**$ 115**	**$ 24,885**	**$ (8,560)**	**$ 16,440**
Sale of units, net of underwriters' discounts and offering cost	4,200,000	420	40,154,874	-	40,155,294
Sale of units to Fortress and EarlyBirdCapital	286,000	29	2,859,971	-	2,860,000
Sale of unit purchase option	-	-	100	-	100
Compulsory repurchase of ordinary shares	(100,000)	(10)	10	-	-
Ordinary shares subject to possible conversion	(3,688,039)	(369)	(37,647,499)	-	(37,647,868)
Net loss	-	-	-	(383,965)	(383,965)
Balance - November 30, 2015	**1,847,961**	**$ 185**	**$ 5,392,341**	**$ (392,525)**	**$ 5,000,001**

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

CB PHARMA ACQUISITION CORP.
STATEMENT OF CASH FLOWS

	For the fiscal year ended November 30, 2015	From August 26, 2014 (inception) to November 30, 2014
Cash Flows from Operating Activities		
Net loss	$ (383,965)	$ (8,560)
Adjustments to reconcile net loss to net cash used in operating activities:		
Interest income in restricted cash and cash equivalents held in trust	(28,844)	-
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(37,328)	-
Accounts payable and accrued expenses	(3,787)	-
Accounts payable - related party	122,715	-
Net cash used in operating activities	(331,209)	(8,560)
Cash Flows from Investing Activities		
Principal deposited in trust account	(42,845,000)	-
Net cash used in investing activities	(42,845,000)	-
Cash Flows from Financing Activities		
Proceeds from note payable to related party	150,000	200,000
Proceeds from issuance of ordinary shares to initial shareholders	-	25,000
Payment of deferred offering costs	-	(116,270)
Repayment of note payable to related party	(200,000)	-
Proceeds from underwriters unit purchase option	100	-
Proceeds from initial public offering, net of offering costs	40,292,131	-
Proceeds from private placement	2,860,000	-
Net cash provided by financing activities	43,102,231	108,730
Net increase (decrease) in cash and cash equivalents	(73,978)	100,170
Cash and cash equivalents - beginning	100,170	-
Cash and cash equivalents - ending	$ 26,192	$ 100,170
Supplemental disclosure of noncash investing and financing activities:		
Deferred offering costs included in accounts payable	$ -	$ 20,567
Value of ordinary shares subject to possible conversion	$ 37,647,868	$ -
Reclassification of deferred offering cost to additional paid-in capital	$ 136,837	$ -

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

CB PHARMA ACQUISITION CORP.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization, Plan of Business Operations

CB Pharma Acquisition Corp. (the "Company") was incorporated in the Cayman Islands on August 26, 2014 as a blank check company whose objective is to acquire, through a merger, share exchange, asset acquisition, share purchase, recapitalization, reorganization or other similar business combination, one or more businesses or entities (a "Business Combination"). The Company's efforts to identify a prospective target business will not be limited to a particular industry or geographic region of the world although the Company is currently focusing on target businesses in North America, Europe, South America and Asia operating in the specialty pharma and generic drug industries.

All activity through November 30, 2015 relates to the Company's formation, the initial public offering ("Initial Public Offering") as defined below and a search for a Business Combination candidate. On December 12, 2014, the Company changed its fiscal year end from December 31 to November 30. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

The registration statement for the Company's Initial Public Offering was declared effective on December 12, 2014. The Company consummated the Initial Public Offering of 4,000,000 units ("Units") at $10.00 per Unit on December 17, 2014, generated gross proceeds of $40,000,000 (Note 3), with each Unit consisting of one ordinary share, par value $.0001 per share ("Ordinary Share"), one right ("Right") to receive one-tenth of one Ordinary Share upon consummation of an initial Business Combination and one redeemable warrant ("Warrant") entitling the holder to purchase one-half of one Ordinary Share at a price of $11.50 per full share commencing on the later of the completion of an initial Business Combination or December 12, 2015. On December 24, 2014, the Company consummated the closing of the sale of 200,000 additional Units upon receiving notice of EarlyBirdCapital, Inc.'s ("EBC"), the representative of the underwriters in the Initial Public Offering election to exercise its over-allotment option, generated an additional gross proceeds of $2,000,000.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private placement ("Private Placement") of 285,000 units ("Private Placement Units") at a price of $10.00 per Unit, of which 265,000 Private Placement Units were sold to Fortress Biotech, Inc. ("Fortress"), formerly known as Coronado Biosciences, Inc., an affiliate of the Company's executive officers and the holder of a majority of the Company's Ordinary Shares prior to the Initial Public Offering, and 20,000 Private Placement Units were sold to EBC, generating an aggregate of $2,850,000 in gross proceeds (Note 4). Following the exercise of the over-allotment, the Company also consummated a simultaneous Private Placement of an additional 1,000 Private Placement Units at a price of $10.00 per Unit to EBC on December 24, 2014, generated $10,000 in additional gross proceeds.

An aggregate amount of $42,845,000 (approximately $10.20 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering, the over-allotment, and the Private Placement Units, net of fees of approximately $1,845,000 associated with the Initial Public Offering, inclusive of $1,365,000 of underwriting fees, was placed in a trust account ("Trust Account") and is invested in U.S. government treasury bills, until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the Trust Account as described below.

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the Private Placement, although substantially all of the net proceeds are intended to be applied to consummating a Business Combination.

Fortress has agreed that it will be liable under certain circumstances to ensure that the proceeds in the Trust Account are not reduced by the claims of target businesses or vendors or other entities that are owed money by the Company for service rendered, contracted for or products sold to the Company. However, Fortress may not be able to satisfy those obligations should they arise. The remaining net proceeds (not held in the Trust Account) may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. In addition, (i) interest income earned on the funds in the Trust Account may be released to the Company to pay its income or other tax obligations and (ii) any remaining interest earned on the funds in the Trust Account may be released to the Company for its working capital requirements. With these exceptions, expenses incurred by the Company may be paid prior to a Business Combination only from the net proceeds of the Initial Public Offering not held in the Trust Account; provided, however, that in order to meet its working capital needs following the consummation of the Initial Public Offering, the Company's shareholders prior to the Initial Public Offering ("Initial Shareholders"), officers and directors or their affiliates (including Fortress) may, but are not obligated to, loan the Company funds, from time to time or at any time, in whatever amount they deem reasonable in their sole discretion. Each loan would be evidenced by a promissory note. The notes would either be paid upon consummation of the Company's initial Business Combination, without interest, or, at the lender's discretion, up to $500,000 of the notes may be converted upon consummation of the Company's Business Combination into additional Private Placement Units at a price of $10.00 per Unit. If the Company does not complete a Business Combination, the loans would not be repaid. At November 30, 2015, proceeds not held in Trust were approximately $26,000, which excludes interest income of approximately $29,000 from the Company's investments in Trust.

The Company will either seek shareholder approval of any Business Combination at a meeting called for such purpose at which holders of the outstanding Ordinary Shares sold in the Initial Public Offering ("Public Shareholders") may seek to convert such shares ("Public Shares") into their pro rata share of the aggregate amount then on deposit in the Trust Account, less any taxes then due but not yet paid, or provide Public Shareholders with the opportunity to sell their Public Shares to the Company by means of a tender offer for an amount equal to their pro rata share of the aggregate amount then on deposit in the Trust Account, less any taxes then due but not yet paid. The Company will proceed with a Business Combination only if it will have net tangible assets of at least $5,000,001 upon consummation of the Business Combination and, solely if shareholder approval is sought, a majority of the outstanding Ordinary Shares of the Company voted, are voted in favor of the Business Combination. Notwithstanding the foregoing, a Public Shareholder, together with any affiliate of his or any other person with whom he is acting in concert or as a "group" (as defined in Section 13(d) (3) of the Exchange Act) will be restricted from seeking conversion rights with respect to 30% or more of the Ordinary Shares sold in the Initial Public Offering. Accordingly, all shares purchased by a holder in excess of 30% of the shares sold in the Initial Public Offering will not be converted to cash. In connection with any shareholder vote required to approve any Business Combination, the Initial Shareholders have agreed (i) to vote any of their respective shares, including the 1,050,000 Ordinary Shares sold to the Initial Shareholders in connection with the organization of the Company (the "Initial Shares"), in favor of the initial Business Combination and (ii) not to convert such respective shares into a pro rata portion of the Trust Account or seek to sell their shares in connection with any tender offer the Company engages in.

The Company's Memorandum and Articles of Association provides that the Company will continue in existence only until June 12, 2016. If the Company has not completed a Business Combination by such date, it will trigger the automatic liquidation of the Trust Account and the voluntary liquidation of the Company. If the Company is forced to liquidate prior to a Business Combination, Public Shareholders are entitled to share ratably in the Trust Account, including any interest, and any net assets remaining available for distribution to them after payment of liabilities. The Initial Shareholders have agreed to waive their rights to share in any distribution with respect to their Initial Shares.

On January 5, 2015, the Company was informed by EBC, that the holders of the Company's Units will be able to separately trade on NASDAQ the Ordinary Shares, Rights and redeemable Warrants included in such Units commencing on January 7, 2015.

As previously reported, in November 2015, the Company submitted to the board of directors of National Holdings Corporation ("National") a non-binding proposal to acquire all the outstanding shares of common stock of National. National's board of directors acknowledged receipt of the non-binding proposal and the parties entered into discussions with each other regarding such a transaction. The parties have since terminated these discussions due to National's reluctance to enter into a transaction with the Company as a result of some of the restrictions and risks inherent in dealing with a publicly-traded special purpose acquisition company like the Company. As a result, we will not be proceeding with this potential transaction and will instead resume its search for other target businesses as described above.

Note 2 - Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in U.S. dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and pursuant to the accounting and disclosure rules and regulations of the U.S. Securities and Exchange Commission (the "SEC").

Emerging Growth Company

Section 102(b) (1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act of 1933, as amended ("Securities Act") registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

Cash and Marketable Securities Held in Trust Account

The amounts held in the Trust Account represent substantially all of the proceeds of the Initial Public Offering and are classified as restricted assets since such amounts can only be used by the Company in connection with the consummation of a Business Combination. As of November 30, 2015, cash and cash equivalents held in the Trust Account consisted of $42,873,571 in United States Treasury Bills and $273 in cash. At November 30, 2015, there was approximately $29,000 of interest income held in the Trust Account available to be released to the Company.

Ordinary Shares Subject to Possible Conversion

The Company accounts for its Ordinary Shares subject to possible conversion in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." Ordinary Shares subject to mandatory redemption (if any) are classified as a liability instrument and are measured at fair value. Conditionally redeemable Ordinary Shares (including Ordinary Shares that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, Ordinary Shares are classified as shareholders' equity. The Company's Ordinary Shares features certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, at November 30, 2015, 3,688,039 Ordinary Shares subject to possible conversion with a conversion value of $37,647,868 are presented as temporary equity, outside of the shareholders' equity section of the Company's balance sheet.

Offering Costs

Offering costs consist principally of legal, accounting and underwriting costs incurred through the closing of the Initial Public Offering that are directly related to the offering. Offering costs amounting to approximately $1,845,000 (including $1,365,000 in underwriters' fees) were charged to shareholder's equity upon completion of the Initial Public Offering.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash accounts in a financial institution which, at times may exceed the Federal depository insurance coverage of $250,000. At November 30, 2015, the Company had not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

Fair Value of Financial Instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurements and Disclosures," approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

Net Loss per Share

Loss per share is computed by dividing net loss by the weighted-average number of Ordinary Shares outstanding during the period. An aggregate of 3,688,039 Ordinary Shares subject to possible conversion at November 30, 2015, have been excluded from the calculation of basic loss per Ordinary Share since such Ordinary Shares, if redeemed, only participate in their pro rata share of the trust earnings. The Company has not considered the effect of (i) Warrants sold in the Public Offering and Private Placement to purchase 2,243,000 Ordinary Shares of the Company, (ii) Rights to acquire 448,600 Ordinary Shares of the Company and (iii) 400,000 Ordinary Shares, Warrants to purchase 200,000 Ordinary Shares and Rights to acquire 40,000 Ordinary Shares included in the unit purchase option sold to the underwriter, in the calculation of diluted loss per share, since the exercise of the unit purchase option and Warrants as well as the conversion of Rights is contingent on the occurrence of future events. In addition, the potentially dilutive Ordinary Shares issuable under the convertible notes (as described in Note 5) were not considered in the computation of diluted net loss per share because they would be anti-dilutive.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company was registered as an exempted company in the Cayman Islands, and therefore, is not subject to Cayman Islands income taxes for 20 years from the date of inception. While the Company has no intention of conducting any business activities in the United States, the Company would be subject to United States income taxes based on such activities that would occur in the United States.

The Company accounts for income taxes under ASC Topic 740 "Income Taxes". ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecoginition, classification, interest and penalties, accounting in interim period, disclosure and transition. The Company determined that the Cayman Islands is its only major tax jurisdiction. Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material changes to its financial position.

The Company's policy for recording interest and penalties associated with audits is to record such expense as a component of income tax expense. There were no amounts accrued for penalties or interest as of November 30, 2015. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position.

Recent Accounting Pronouncements

On February 18, 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-2, *Consolidation (Topic 820): Amendments to the Consolidation Analysis*. ASU 2015-2 provides a revised consolidation model for all reporting entities to use in evaluating whether they should consolidate certain legal entities. All legal entities will be subject to reevaluation under this revised consolidation model. The revised consolidation model, among other things, (i) modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities, (ii) eliminates the presumption that a general partner should consolidate a limited partnership, and (iii) modifies the consolidation analysis of reporting entities that are involved with VIEs through fee arrangements and related party relationships. This guidance in ASU 2015-2 is effective for the Company beginning on January 1, 2016, however, early adoption is permitted. The Company is currently assessing the potential impact that this guidance will have on its financial statements.

In August 2014, the FASB issued ASU 2014-15, " *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern"* ("ASU 2014-15"). ASU 2014-15 provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and about related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. The amendments in ASU 2014-15 are effective for annual reporting periods ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. The Company will adopt the methodologies prescribed by ASU 2014-15 by the date required, and does not anticipate that the adoption of ASU 2014-15 will have a material effect on its financial position or results of operations.

In June 2014, the FASB issued ASU 2014-12, *Compensation-Stock Compensation* (Topic 718). The ASU clarifies how entities should treat performance targets that can be achieved after the requisite service period of a share-based payment award. The accounting standard is effective for interim and annual periods beginning after December 15, 2015. The Company is currently in the process of evaluating the impact of the guidance on its financial position, results of operation, and cash flows.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

Note 3 - Initial Public Offering

In December 2014, the Company consummated the Initial Public Offering of 4,200,000 of its Units, including an additional of 200,000 Units upon the exercise of the over-allotment. Each Unit consists of one Ordinary Share, $.0001 par value per share, one Right to receive one-tenth of one Ordinary Share upon consummation of the Company's initial Business Combination and one Warrant entitling the holder to purchase one-half of one Ordinary Share. The Units were sold at an offering price of $10.00 per Unit, generating gross proceeds of $42,000,000. Each Warrant entitles the holder to purchase one-half of one Ordinary Share at a price of $11.50 per full Ordinary Share commencing on the later of the Company's completion of its initial Business Combination or December 12, 2015, and expiring five years from the completion of the Company's initial Business Combination. The Company will not issue fractional shares. As a result, investors must exercise Warrants in multiples of two Warrants in whole and not in part, at a price of $11.50 per full share, subject to adjustment, to validly exercise the Warrants. The Company may redeem the Warrants at a price of $0.01 per Warrant upon 30 days' notice, only in the event that the last sale price of the Ordinary Shares is at least $24.00 per share for any 20 trading days within a 30-trading day period ("30-Day Trading Period") ending on the third day prior to the date on which notice of redemption is given, provided there is a current registration statement in effect with respect to the Ordinary Shares underlying such Warrants commencing five business days prior to the 30-Day Trading Period and continuing each day thereafter until the date of redemption. If the Company redeems the Warrants as described above, management will have the option to require all holders that wish to exercise Warrants to do so on a "cashless basis." In accordance with the warrant agreement relating to the Warrants issued in the Initial Public Offering the Company is only required to use its best efforts to maintain the effectiveness of the registration statement covering the Warrants. If a registration statement is not effective within 90 days following the consummation of a Business Combination, Warrant holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, exercise Warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act of 1933, as amended. In the event that a registration statement is not effective at the time of exercise or no exemption is available for a cashless exercise, the holder of such Warrant shall not be entitled to exercise such Warrant for cash and in no event (whether in the case of a registration statement being effective or otherwise) will the Company be required to net cash settle the Warrant exercise. Additionally, in no event will the Company be required to net cash settle the Rights. If an initial Business Combination is not consummated, the Rights and Warrants will expire and will be worthless.

Note 4 - Private Placement

Simultaneously with the consummation of the Initial Public Offering, the Company consummated the Private Placement of 285,000 Private Placement Units at a price of $10.00 per Private Placement Unit, generating total proceeds of $2,850,000. Of the Private Placement Units, 265,000 were purchased by Fortress, an affiliate of the Company's executive officers and the holder of a majority of the Company's Ordinary Shares prior to the Initial Public Offering, and 20,000 were purchased by EBC, the representative of the underwriters of the Initial Public Offering. The Company consummated the sale of an additional 1,000 Private Placement Units to EBC upon consummation of the over-allotment option, generating total proceeds of $10,000. The Private Placement Units are identical to the Units sold in the Initial Public Offering, except the Warrants included in the Private Placement Units will be non-redeemable, may be exercised on a cashless basis and may be exercisable for unregistered Ordinary Shares if the prospectus relating to the Ordinary Shares issuable upon exercise of the Warrants is not current and effective, in each case so long as they continue to be held by the initial purchasers or their permitted transferees. The holders of the Private Placement Units have agreed (A) to vote the Ordinary Shares included in the Private Placement Units ("Private Shares") in favor of any initial Business Combination, (B) not to propose, or vote in favor of, an amendment to the Company's amended and restated memorandum and articles of association with respect to the Company's pre-Business Combination activities prior to the consummation of such a Business Combination unless the Company provides dissenting Public Shareholders with the opportunity to convert their Public Shares into the right to receive cash from the Company's Trust Account in connection with any such vote, (C) not to convert any Private Shares into the right to receive cash from the Trust Account in connection with a shareholder vote to approve the Company's initial Business Combination or a vote to amend the provisions of the Company's amended and restated memorandum and articles of association relating to shareholders' rights or pre-Business Combination activity and (D) that such Private Shares shall not participate in any liquidating distribution upon winding up if a Business Combination is not consummated within the required time period. Additionally, the purchasers have agreed not to transfer, assign or sell any of the Private Placement Units (except to certain permitted transferees) until the completion of the Company's initial Business Combination.

Note 5 - Related Party Transactions

Initial Shares

In August 2014, the Company issued 1,150,000 Initial Shares to the Initial Shareholders for an aggregate purchase price of $25,000. The Initial Shares included an aggregate of up to 150,000 shares subject to compulsory repurchase for an aggregate purchase price of $0.01 to the extent that the underwriters' over-allotment option was not exercised in full or in part, so that the Initial Shareholders would collectively own 20.0% of issued and outstanding shares after the Initial Public Offering (excluding the sale of the Private Placement Units). On December 18, 2014, EBC notified the Company that it had elected to exercise a portion of the over-allotment option for 200,000 additional units at $10.00 per unit for an additional $2,000,000, The partial exercise resulted in a reduction of 50,000 Ordinary Shares subject to compulsory repurchase resulting in a total of 100,000 Ordinary Shares being repurchased on January 5, 2015.

The Initial Shares are identical to the Ordinary Shares included in the Units sold in the Initial Public Offering. However, the Initial Shareholders have agreed (A) to vote their Initial Shares (as well as any shares acquired after the Initial Public Offering) in favor of any proposed Business Combination, (B) not to propose, or vote in favor of, an amendment to the amended and restated memorandum and articles of association with respect to pre-Business Combination activities prior to the consummation of such a Business Combination unless the Company provides dissenting Public Shareholders with the opportunity to convert their Public Shares into the right to receive cash from the Trust Account in connection with any such vote, (C) not to convert any Initial Shares (as well as any other shares acquired after the Initial Public Offering) into the right to receive cash from the Trust Account in connection with a shareholder vote to approve a proposed initial Business Combination (or sell any shares they hold to the Company in a tender offer in connection with a proposed initial Business Combination) or a vote to amend the provisions of the amended and restated memorandum and articles of association relating to shareholders' rights or pre-Business Combination activity and (D) that the Initial Shares shall not participate in any liquidating distribution upon winding up if a Business Combination is not consummated. Additionally, the Initial Shareholders have agreed not to transfer, assign or sell any of the Initial Shares (except to certain permitted transferees) until (1) with respect to 50% of the Initial Shares, the earlier of one year after the date of the consummation of initial Business Combination and the date on which the closing price of Ordinary Shares equals or exceeds $12.50 per share (as adjusted for share splits, share dividends, reorganizations and recapitalizations) for any 20 trading days within any 30-trading day period commencing after initial Business Combination and (2) with respect to the remaining 50% of the Initial Shares, one year after the date of the consummation of initial Business Combination, or earlier, in either case, if, subsequent to initial Business Combination, the Company consummates a liquidation, merger, stock exchange or other similar transaction which results in all of shareholders having the right to exchange their Ordinary Shares for cash, securities or other property.

Promissory Notes

The Company issued a $200,000 principal amount unsecured promissory note to Fortress. The note was non-interest bearing and became due and payable on the consummation of the Initial Public Offering. Due to the short-term nature of the note, the fair value of the note approximated the carrying amount. The Company repaid this note on December 18, 2014 from the proceeds received upon closing of the Initial Public Offering.

In March and October 2015, the Company issued an aggregate of $150,000 convertible promissory notes to Fortress to evidence loans made by Fortress to the Company. These loans are unsecured, non-interest bearing and payable at the consummation of a merger, share exchange, asset acquisition, or other similar Business Combination by the Company. Upon consummation of a Business Combination, the principal balance of the note may be converted, at the holder's option, to units at a price of $10.00 per Unit. The terms of the units will be identical to the Units issued by the Company in the Private Placement. If the holder converts the entire principal balance of the convertible promissory note, it would receive 15,000 Units. If a Business Combination is not consummated, the note will not be repaid by the Company and all amounts owed thereunder by the Company will be forgiven except to the extent that the Company had funds available to it outside of its Trust Account. In February 2016, the Company issued an additional $100,000 convertible promissory note with similar terms to Fortress.

Administrative Service Fee

The Company, commencing on December 12, 2014, has agreed to pay Fortress a monthly fee of $10,000 for general and administrative services. However, pursuant to the terms of such agreement, the Company may delay payment of such monthly fee upon a determination by the Company's audit committee that the Company lacks sufficient funds held outside the Trust Account to pay actual or anticipated expenses in connection with an initial Business Combination. Any such unpaid amount will accrue without interest and either is due and payable no later than the date of the consummation of an initial Business Combination, or, at Fortress's option, treated as working capital loans and will be convertible into additional Private Placement Units. As of November 30, 2015, accounts payable to Fortress was $122,715; of which $115,000 represents the accrued service fee and $7,715 represents invoices of the Company paid by Fortress. Additionally, invoices totaling $502 which are no longer included in this balance were repaid to Fortress by the Company in December 2014.

Note 6 - Commitments and Contingencies

Underwriting Agreement

On December 12, 2014, the Company entered into an agreement with EBC ("Underwriting Agreement"). Pursuant to the Underwriting Agreement, the Company paid an underwriting discount of 3.25% of the gross proceeds of the Initial Public Offering ($1,365,000) upon the closing of the Initial Public Offering. The Company has further engaged EBC to assist the Company with its initial Business Combination. Pursuant to this arrangement, the Company anticipates that the underwriter will assist the Company in holding meetings with shareholders to discuss the potential Business Combination and the target business' attributes, introduce the Company to potential investors that are interested in purchasing the Company's securities, assist the Company in obtaining shareholder approval for the Business Combination and assist the Company with its press releases and public filings in connection with the Business Combination. The Company will pay EBC a cash fee of 4% of the gross proceeds of the Initial Public Offering for such services upon the consummation of its initial Business Combination (exclusive of any applicable finders' fees which might become payable).

Purchase Option

The Company sold to EBC, for $100, a unit purchase option to purchase up to a total of 400,000 units exercisable at $11.00 per unit (or an aggregate exercise price of $4,400,000) commencing on the later of the consummation of a Business Combination and December 12, 2015. The unit purchase option expires on December 12, 2019. The Units issuable upon exercise of this option are identical to the Units being offered in the Initial Public Offering. Accordingly, after the Business Combination, the purchase option will be to purchase 440,000 Ordinary Shares (which include 40,000 Ordinary Shares to be issued for the Rights included in the Units) and 400,000 Warrants to purchase 200,000 Ordinary Shares. The Company has agreed to grant to the holders of the unit purchase option, demand and "piggy back" registration rights for periods of five and seven years, respectively, from the effective date of the Initial Public Offering, including securities directly and indirectly issuable upon exercise of the unit purchase option.

The Company accounted for the fair value of the unit purchase option, inclusive of the receipt of a $100 cash payment, as an expense of the Initial Public Offering resulting in a charge directly to shareholders' equity. The Company estimated that the fair value of this unit purchase option is approximately $2,920,000 (or $7.30 per unit) using the Black-Scholes option-pricing model. The fair value of the unit purchase option granted to the EBC is estimated as of the date of grant using the following assumptions: (1) expected volatility of 99.10%, (2) risk-free interest rate of 1.53% and (3) expected life of five years. The unit purchase option may be exercised for cash or on a "cashless" basis, at the holder's option (except in the case of a forced cashless exercise upon the Company's redemption of the Warrants, as described in Note 3), such that the holder may use the appreciated value of the unit purchase option (the difference between the exercise prices of the unit purchase option and the underlying Warrants and the market price of the Units and underlying Ordinary Shares) to exercise the unit purchase option without the payment of any cash. The Company will have no obligation to net cash settle the exercise of the unit purchase option or the Warrants underlying the unit purchase option. The holder of the unit purchase option will not be entitled to exercise the unit purchase option or the Warrants underlying the unit purchase option unless a registration statement covering the securities underlying the unit purchase option is effective or an exemption from registration is available. If the holder is unable to exercise the unit purchase option or underlying Warrants, the unit purchase option or Warrants, as applicable, will expire worthless.

Registration Rights

The Initial Shareholders and the purchasers of the Private Placement Units are entitled to registration rights with respect to the Initial Shares, the Private Placement Units (and underlying securities) and any securities that may be issued to them upon conversion of working capital loans, pursuant to an agreement dated December 12, 2014. The holders of the majority of the Initial Shares are entitled to demand that the Company register these shares at any time commencing three months prior to the first anniversary of the consummation of a Business Combination. The holders of the Private Placement Units (or underlying securities) and any securities issued upon conversion of working capital loans are entitled to demand that the Company register these securities at any time after the Company consummates a Business Combination. In addition, the holders have certain "piggy-back" registration rights on registration statements filed after the Company's consummation of a Business Combination.

Note 7 – Shareholder Equity

Preferred Shares

The Company is authorized to issue 1,000,000 preferred shares with a par value of $0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company's board of directors.

As of November 30, 2015, there are no preferred shares issued or outstanding.

Ordinary Shares

The Company is authorized to issue 100,000,000 Ordinary Shares with a par value of $0.0001 per share.

As of November 30, 2015, the Company has issued an aggregate of 5,536,000 Ordinary Shares. Of the 5,536,000 Ordinary Shares, an aggregate of 3,688,039 Ordinary Shares subject to possible conversion classified as temporary equity in the accompanying Balance Sheet.

Note 8 – Income Taxes

The Company's net deferred tax assets are as follows:

	As of November 30,	
	2015	**2014**
Deferred tax assets:		
Net operating loss carryovers	$ 153,057	$ 3,338
Total deferred tax assets	153,057	3,338
Valuation allowance	(153,057)	(3,338)
Deferred tax assets, net of allowance	$ -	$ -

The income tax provision (benefit) consists of the following:

	As of November 30,	
	2015	**2014**
Federal		
Current	$ -	$ -
Deferred	(133,434)	(2,910)
State		
Current	-	-
Deferred	(19,623)	(428)
Valuation allowance	(153,057)	(3,338)
Income tax provision (benefit)	$ -	$ -

As of November 30, 2015, the Company had U.S. federal and state net operating loss carryovers ("NOLs") of approximately $384,000 available to offset future taxable income. These NOLs expire beginning in 2035. In accordance with Section 382 of the Internal Revenue Code, deductibility of the Company's NOLs may be subject to an annual limitation in the event of a change of control as defined under the regulations.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences representing net future deductible amounts become deductible. Management considers the scheduled reversal of deferred tax assets, projected future taxable income and tax planning strategies in making this assessment. After consideration of all of the information available, Management believes that significant uncertainty exists with respect to future realization of the deferred tax assets and has therefore established a full valuation allowance. For the period ended November 30, 2015 the valuation allowance was $153,057.

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate is as follows:

	As of November 30,	
	2015	2014
Statutory federal income tax rate	(34.0)%	(34.0)%
State taxes, net of federal benefit	(5.0)%	(5.0)%
Change in valuation allowance	39.0%	39.0%
Income tax provision (benefit)	0.0%	0.0%

The Company files income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions and is subject to examination by the various taxing authorities. The Company considers New York to be a significant state tax jurisdiction. The Company's federal, state and local income taxes for the years beginning in 2014 remain subject to examination.

Note 9 – Subsequent Event

In February 2016, the Company issued a $100,000 convertible promissory note to Fortress, a related party. The note is non-interest bearing, payable upon the consummation of a Business Combination, and convertible, at the holder's option, into units at a price of $10.00 per unit. The terms of the units will be identical to the units issued by the Company in the Private Placement. If the Lender converts the entire principal balance of the convertible promissory note, it would receive 10,000 units. If a Business Combination is not consummated, the note will not be repaid by the Company and all amounts owed thereunder by the Company will be forgiven except to the extent that the Company had funds available to it outside of its trust account established in connection with the Initial Public Offering.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 29th day of February 2016.

CB PHARMA ACQUISITION CORP.

By: /s/ Lindsay A. Rosenwald
Lindsay A. Rosenwald
Chief Executive Officer

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

Name	Title	Date
/s/ Lindsay A. Rosenwald Lindsay A. Rosenwald	Co-Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 29, 2016
/s/ Michael S. Weiss Michael S. Weiss	Co-Chairman of the Board	February 29, 2016
/s/ George C. Avgerinos George C. Avgerinos	Chief Operating Officer (Principal financial and accounting officer) and Secretary	February 29, 2016
/s/ Adam J. Chill Adam J. Chill	Director	February 29, 2016
/s/ Arthur A. Kornbluth Arthur A. Kornbluth	Director	February 29, 2016
/s/ Neil Herskowitz Neil Herskowitz	Director	February 29, 2016