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

# FORM 8-K/A

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): April 1, 2014**

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

| **Delaware** | **001-35814** | **45-0567010** |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| **12626 High Bluff Drive, Suite 150 San Diego, CA** | **92130** |
|---|---|
| (Address of principal executive offices) | (Zip Code) |

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

**N/A**
(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

On April 3, 2014, Imprimis Pharmaceuticals, Inc. (the "Company") filed a Current Report on Form 8-K (the "Initial Form 8-K") reporting the closing on April 1, 2014 of the Company's acquisition of all of the outstanding membership interests of Pharmacy Creations, LLC from J. Scott Karolchyk and Bernard Covalesky (the "Sellers"), pursuant to the Membership Interest Purchase Agreement, dated February 10, 2014, by and among the Company and the Sellers (the "Purchase Agreement"). This Amendment No. 1 on Form 8-K/A amends and supplements the Initial Form 8-K and is being filed to provide the historical financial information and the pro forma financial information required pursuant to Items 9.01 on Form 8-K, respectively. In accordance with the requirements of Items 9.01 of Form 8-K, this Amendment No. 1 on Form 8-K/A is being filed within 71 calendar days of the date that the Initial Form 8-K was required to be filed.

**Item 9.01. Financial Statements and Exhibits.**

*(a) Financial Statements of Businesses Acquired.*

The following audited financial statements of Pharmacy Creations, LLC are attached hereto as Exhibit 99.1 and incorporated herein by reference:

- Independent Auditors' Report
- Balance Sheets as of December 31, 2013 and 2012
- Statements of Income for the years ended December 31, 2013 and 2012
- Statements of Members' Equity for the years ended December 31, 2013 and 2012
- Statements of Cash Flows for the years ended December 31, 2013 and 2012
- Notes to the Financial Statements

The following unaudited financial statements of Pharmacy Creations, LLC are attached hereto as Exhibit 99.2 and incorporated herein by reference:

- Balance Sheets as of March 31, 2014 and December 31, 2013
- Statements of Income for the three months ended March 31, 2014 and 2013
- Statements of Cash Flows for three months ended March 31, 2014 and 2013
- Notes to the unaudited Financial Statements

*(b) Pro Forma Financial Information.*

The following unaudited pro forma financial information is attached hereto as Exhibit 99.3 and incorporated herein by reference:

- Unaudited Pro Forma Condensed Combined Balance Sheet as of March 31, 2014
- Unaudited Pro Forma Condensed Combined Statements of Operations for the three months ended March 31, 2014, and for the year ended December 31, 2013
- Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

*(d) Exhibits.*

| EXHIBIT NUMBER | DESCRIPTION |
|---|---|
| 2.1* | Membership Interest Purchase Agreement, dated February 10, 2014, among John Scott Karolchyk and Bernard Covalesky (as Sellers) and Imprimis Pharmaceuticals, Inc.*<br>(Incorporated by reference to Exhibit 2.1 of the Company's Form 8-K filed on February 11, 2014.) |
| 23.1 | Consent of KMJ Corbin & Company LLP |
| 99.1 | Audited Financial Statements listed in Item 9.01(a) |
| 99.2 | Unaudited Interim Financial Statements listed in Item 9.01(a) |
| 99.3 | Unaudited Pro Forma Financial Information listed in Item 9.01(b) |

* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the Securities and Exchange Commission upon request; provided, however that the Company may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedule or exhibit so furnished.

## SIGNATURES

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

**IMPRIMIS PHARMACEUTICALS, INC.**

Dated: June 13, 2014

By: */s/ Andrew R. Boll*
Name: Andrew R. Boll
Title: Vice-President, Accounting and Public Reporting

## EXHIBIT INDEX

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**EXHIBIT 23.1**

**CONSENT OF INDEPENDENT AUDITORS**

We consent to the incorporation by reference in Registration Statement Nos. 333-159159 and 333-183488 on Form S-8 of Imprimis Pharmaceuticals, Inc. of our report dated June 13, 2014, relating to the financial statements of Pharmacy Creations, LLC, which appears in this Form 8-K/A of Imprimis Pharmaceuticals, Inc. dated June 13, 2014.

*/s/ KMJ Corbin & Company LLP*

Costa Mesa, California
June 13, 2014

**Pharmacy Creations, LLC**
**Financial Statements**
Years ended December 31, 2013 and December 31, 2012

Contents

**INDEPENDENT AUDITORS' REPORT**

To the Members
Pharmacy Creations, LLC

We have audited the accompanying balance sheets of Pharmacy Creations, LLC (the "Company") as of December 31, 2013 and 2012, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pharmacy Creations, LLC as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 11 to the financial statements, the Company's members sold 100% of their membership interests subsequent to December 31, 2013. Our opinion is not modified with respect to this matter.

*/s/ KMJ Corbin & Company LLP*

Costa Mesa, California
June 13, 2014

**PHARMACY CREATIONS, LLC**
**BALANCE SHEETS**

| | December 31, 2013 | December 31, 2012 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | $ 40,425 | $ 117,675 |
| Accounts receivable, net | 88,406 | 98,183 |
| Due from related party | - | 3,856 |
| Prepaid expenses and other current assets | 21,344 | 12,874 |
| Inventory | 161,725 | 74,099 |
| Total current assets | 311,900 | 306,687 |
| Furniture and equipment, net | 49,188 | 63,412 |
| TOTAL ASSETS | $ 361,088 | $ 370,099 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | $ 116,130 | $ 65,073 |
| Accrued payroll and related liabilities | 63,661 | 38,895 |
| Customer deposits | 21,610 | 12,977 |
| Debt | - | 13,970 |
| Current portion of capital lease obligation | 6,293 | 6,031 |
| Total current liabilities | 207,694 | 136,946 |
| | | |
| Capital lease obligation, net of current portion | 13,416 | 19,709 |
| TOTAL LIABILITIES | 221,110 | 156,655 |
| Commitments and contingencies | | |
| MEMBERS' EQUITY | | |
| Members' equity | 139,978 | 213,444 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | $ 361,088 | $ 370,099 |

The accompanying notes are an integral part of these financial statements

**PHARMACY CREATIONS, LLC**
**STATEMENTS OF INCOME**

| | For the Year Ended December 31, 2013 | For the Year Ended December 31, 2012 |
|---|---|---|
| Pharmacy sales, net | $ 2,856,575 | $ 3,074,883 |
| Cost of sales | (1,798,908) | (1,718,814) |
| Gross profit | 1,057,667 | 1,356,069 |
| Operating expenses: | | |
| Selling, general and administrative | 427,507 | 451,580 |
| Total operating expenses | 427,507 | 451,580 |
| Operating income | 630,160 | 904,489 |
| Other expense: | | |
| Interest expense | (3,963) | (3,654) |
| Total other expense | (3,963) | (3,654) |
| Net income | $ 626,197 | $ 900,835 |

The accompanying notes are an integral part of these financial statements

**PHARMACY CREATIONS, LLC**
**STATEMENTS OF MEMBERS' EQUITY (DEFICIT)**
**For the Years Ended December 31, 2013 and 2012**

| | | |
|---|---|---|
| Balance at December 31, 2011 | $ | (4,414) |
| Distributions | | (682,977) |
| Net income | | 900,835 |
| Balance at December 31, 2012 | | 213,444 |
| Distributions | | (699,663) |
| Net income | | 626,197 |
| Balance at December 31, 2013 | $ | 139,978 |

The accompanying notes are an integral part of these financial statements

**PHARMACY CREATIONS, LLC**
**STATEMENTS OF CASH FLOWS**

| | For the Year Ended December 31, 2013 | For the Year Ended December 31, 2012 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | $ 626,197 | $ 900,835 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 21,321 | 19,095 |
| Bad debt expense | 3,957 | 3,666 |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | 5,820 | 4,232 |
| Due from related party | 3,856 | - |
| Prepaid expenses and other current assets | (8,470) | (3,260) |
| Inventory | (87,626) | (8,579) |
| Accounts payable and accrued expenses | 51,057 | (96,518) |
| Accrued payroll and related liabilities | 24,766 | (7,787) |
| Customer deposits | 8,633 | 7,915 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 649,511 | 819,599 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of furniture and equipment | (7,097) | (17,136) |
| NET CASH USED IN INVESTING ACTIVITIES | (7,097) | (17,136) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Distributions to members | (699,663) | (682,977) |
| Payments on debt | (13,970) | (61,600) |
| Payments on capital lease obligation | (6,031) | (5,781) |
| NET CASH USED IN FINANCING ACTIVITIES | (719,664) | (750,358) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (77,250) | 52,105 |
| CASH AND CASH EQUIVALENTS, beginning of year | 117,675 | 65,570 |
| CASH AND CASH EQUIVALENTS, end of year | $ 40,425 | $ 117,675 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Interest paid | $ 1,105 | $ 3,145 |
| Cash paid for income taxes | $ - | $ - |

The accompanying notes are an integral part of these financial statements

## NOTE 1. OVERVIEW, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Company and Background

Pharmacy Creations, LLC ("PC" or the "Company") is a New Jersey limited liability company organized on August 24, 2000. The Company is a provider of customized sterile and non-sterile compounded pharmaceuticals located in Randolph, NJ. The Company also offers patient and prescriber consultations in pain management, nutritional wellness and women's health.

### Basis of Presentation

The Company's financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business.

### Limited Liability Company Operating Agreement

As a limited liability company, each member's liability is limited to the capital invested. Allocation of profits, losses and distributions is in accordance with the terms as defined in the operating agreement. The Company is treated as a partnership for federal and New Jersey state income tax purposes. Consequently, federal and state income taxes are not payable by the Company. The Company's net income or loss is allocated among the members in accordance with the operating agreement of the Company and members are taxed individually on their share of the Company's earnings.

### Revenue Recognition and Deferred Revenue

The Company recognizes revenues when all of the following criteria have been met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured.

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

### Cost of Sales

Cost of sales includes direct and indirect costs to manufacture formulations and product sold, including packaging, storage, royalties (see Note 9), shipping and handling costs and the write-off of obsolete inventory.

### Concentrations of Credit Risk

The Company places its cash with financial institutions deemed by management to be of high credit quality. The Federal Deposit Insurance Corporation ("FDIC") provides basic deposit coverage with limits to $250,000 per owner. At December 31, 2013 and 2012, the Company had no cash deposits in excess of FDIC limits.

**Cash and Cash Equivalents**

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

**Accounts Receivable**

The balance in accounts receivable consists of revenue amounts the Company has invoiced and recognized, but for which payment has not been received. Accounts receivable are presented net of an allowance for doubtful accounts in the amount of $3,957 and $3,666 as of December 31, 2013 and 2012, respectively.

**Inventory**

Inventories are stated at the lower of cost or market. Cost is determined on a first-in, first-out ("FIFO") basis. The Company evaluates the carrying value of inventories on a regular basis, based on the price expected to be obtained for products in their respective markets compared with historical cost. Write-downs of inventories are considered to be permanent reductions in the cost basis of inventories.

The Company also regularly evaluates its inventories for excess quantities and obsolescence (expiration), taking into account such factors as historical and anticipated future sales or use in production compared to quantities on hand and the remaining shelf life of products and active pharmaceutical ingredients on hand. The Company establishes reserves for excess and obsolete inventories as required based on its analyses.

**Furniture and Equipment**

Furniture and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization is calculated using the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized over the estimated useful life or remaining lease term, whichever is shorter. Computer software and hardware, and furniture and equipment are depreciated over three to five years.

**Fair Value Measurements**

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

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

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

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

At December 31, 2013 and 2012, the Company did not have any financial assets or liabilities which are measured at fair value on a recurring basis. The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, accrued payroll and related liabilities, customer deposits, capital lease, and debt. The carrying amount of these financial instruments, approximates fair value due to the short-term maturities of these instruments. Based on borrowing rates currently available to the Company, the carrying value of the capital lease and debt approximates fair value.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates made by management include, among other things, provisions for uncollectible accounts receivable, realizability of inventory, and recoverability of long-lived assets.

**NOTE 2. INVENTORY**

Inventory is comprised of over-the-counter ("OTC") retail pharmacy products, commercial pharmaceutical products, related laboratory supplies and active pharmaceutical ingredients. The composition of inventories as of December 31, 2013 and 2012 are as follows:

| | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Raw materials | $ 149,477 | $ 60,000 |
| Finished goods | 12,248 | 14,099 |
| | $ 161,725 | $ 74,099 |

During the year ended December 31, 2012, the Company incurred a casualty loss of inventory valued at approximately $60,000. The inventory loss was the result of loss of electrical power related to a natural disaster in November 2012 and is included in cost of sales in the accompanying statement of income.

**NOTE 3. FURNITURE AND EQUIPMENT**

Furniture and equipment as of December 31, 2013 and 2012 are as follows:

| | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Computer software and hardware | $ 67,103 | $ 63,606 |
| Furniture and equipment | 240,131 | 236,531 |
| Leasehold improvements | 153,671 | 153,671 |
| | 460,905 | 453,808 |
| Accumulated depreciation | (411,717) | (390,396) |
| | $ 49,188 | $ 63,412 |

Depreciation and amortization expense for the years ended December 31, 2013 and 2012 were $21,321 and $19,095, respectively.

**NOTE 4. DEBT**

**Line of Credit**

The Company entered into a working capital line of credit agreement with a financial institution on March 21, 2008 and subsequently renewed the agreement on September 6, 2013. The line of credit has a maturity date of September 1, 2016. The line of credit agreement allows the Company to borrow proceeds of up to $75,000 and is secured by a first security interest on all business assets. The Company is required to pay regular monthly payments of all accrued unpaid interest due monthly, with interest on the line of credit calculated as the greater of one of the following: (a) the Prime Rate (as defined and published in the Wall Street Journal) plus 1.00% per annum, or (b) 4.25% per annum. The line of credit agreement is personally guaranteed by the members of PC. The Company did not borrow any funds under the line of credit agreement during the years ended December 31, 2013 and 2012.

**Term Loan**

The Company entered into a term loan with a financial institution on April 13, 2009 in the amount of $168,000. The term loan had a maturity date of May 1, 2014 and the Company was required to pay regular monthly principal and interest payments with the interest on the term loan calculated as the greater of one of the following: (a) the Prime Rate (as defined and published in the Wall Street Journal) plus 1.50% per annum, or (b) 4.25% per annum. The term loan was secured by a first security interest on all business assets and the term loan was personally guaranteed by the members of PC. During the years ended December 31, 2013 and 2012, the Company recorded interest expense of $157 and $1,991, respectively. The term loan balance as of December 31, 2012 was $13,970 and the term loan was repaid in full in May 2013.

**NOTE 5. MEMBERS' EQUITY**

Pursuant to the Company's Limited Liability Company Operating Agreement (the "LLC Agreement"), the members agreed to establish a working capital fund for the Company of $100,000, to which each member contributed $50,000. Distributable cash and allocation of profits and losses are allocated to the members as defined in the LLC Agreement. Distributions to members during the years ended December 31, 2013 and 2012 totaling $699,663 and $682,977, respectively, consisted of payments for members' share of income taxes, draws on salaries and personal expenses paid by the Company on behalf of the members.

**NOTE 6. EMPLOYEE SAVINGS PLAN**

The Company has established an employee savings plan pursuant to Section 401(k) of the Internal Revenue Code, effective January 1, 2013. The plan allows participating employees to deposit into tax deferred investment accounts up to 100% of their salary, subject to annual limits. The Company contributed approximately $53,000 to the plan during the year ended December 31, 2013.

**NOTE 7. COMMITMENTS AND CONTINGENCIES**

**Capital Lease**

The Company leases equipment under a capital lease with an interest rate of 4.25% per annum. At December 31, 2013, future payments under this capital lease are as follows:

| | | |
|---|---|---|
| 2014 | $ | 7,009 |
| 2015 | | 7,009 |
| 2016 | | 7,009 |
| Total minimum lease payments | | 21,027 |
| Less amount representing interest | | (1,318) |
| Present value of future minimum lease payments | | 19,709 |
| Less current portion | | (6,293) |
| Capital lease obligation, net of current portion | $ | 13,416 |

The value of the equipment under capital lease as of December 31, 2013 and 2012 was $31,521, with related accumulated depreciation of $12,608 and $6,304, respectively.

**Commitments**

In August 2009, the Company amended its lease agreement for 3,874 square feet of office space, extending the term from January 1, 2010 to December 31, 2015, effective January 1, 2010. Monthly rent under the extended lease began on January 1, 2010 in the amount of $3,594. Rent expense for each of the years ended December 31, 2013 and 2012 was approximately $43,000.

The following schedule represents the approximate future minimum lease obligations for all non-cancelable operating leases as of December 31, 2013:

| | | |
|---|---|---|
| 2014 | | 43,000 |
| 2015 | | 43,000 |
| Future minimum lease payments | $ | 86,000 |

**Indemnities and Guarantees**

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain transactions. The Company has agreed to indemnify the members and managers to the maximum extent permitted under the laws of the State of New Jersey. The Company indemnifies its lessor in connection with its facility lease for certain claims arising from the use of the facility. The indemnifications do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnifications in the accompanying balance sheets.

**Legal**

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

**NOTE 9. RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2013 and 2012, the Company made payments to Novel Drug Solutions, LLC ("NDS"), a related party. NDS is 50% owned by the former members of the Company (see Note 11), and 50% owned by two full-time employees of the Company. NDS owns certain intellectual property related to, among other things, certain formulations sold by the Company, and NDS is paid a royalty amount related to the formulation sales that utilize the NDS-owned intellectual property. During the years ended December 31, 2013 and 2012, the Company paid NDS $51,114 and $46,929, respectively, which is included in cost of sales. At December 31, 2012, the Company was due $3,856 from NDS related to prepayments under the royalty agreement. No amounts were due and outstanding to NDS at December 31, 2013.

During each of the years ended December 31, 2013 and 2012, the Company made payments to members totaling $24,000 for the reimbursement of home office expenses which is included in selling, general and administrative expenses in the accompanying statements of income.

During the years ended December 31, 2013 and 2012, the Company made payments to a sibling of one of the members totaling $20,280 and $15,977, respectively, for additional compensation and is included in selling, general and administrative expenses in the accompanying statements of income.

**NOTE 10. SEGMENT INFORMATION**

The Company operates the business on the basis of a single reportable segment, which is the business of providing sterile and non-sterile pharmaceutical compounding services. The Company's chief operating decision-maker is the Pharmacist-in-Charge, who evaluates the Company as a single operating segment.

The Company categorizes revenues by geographic area based on selling location. All operations are currently located in the United States; therefore, total revenues for 2013 and 2012 are attributed to the United States. All long-lived assets at December 31, 2013 and 2012 are located in the United States.

The Company sells its compounded formulations to a large number of customers. Less than 10% of the Company's total pharmacy sales were derived from a single customer for the years ended December 31, 2013 and 2012.

The Company receives its active pharmaceutical ingredients from three main suppliers. These suppliers accounted for 92%, and 62% of drug and chemical purchases during the years ended December 31, 2013 and December 31, 2012, respectively.

**NOTE 11. SUBSEQUENT EVENTS**

The Company has performed an evaluation of events occurring subsequent to December 31, 2013 through June 13, 2014, the date of the issuance of these financial statements. Based on our evaluation, nothing other than the events described below need to be disclosed.

On April 1, 2014, the Imprimis Pharmaceuticals, Inc. ("Imprimis") acquired all of the outstanding membership interests of the Company from J. Scott Karolchyk and Bernard Covalesky (the "Sellers", and such transaction, the "PC Acquisition").

- At the closing of the PC Acquisition, Imprimis paid to the Sellers an aggregate cash purchase price of $600,000. In addition, the Sellers are entitled to receive additional contingent consideration upon the satisfaction of certain conditions:

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

- A contingent stock payment of up to an aggregate of 215,190 shares of Imprimis common stock, issuable only if the following revenue milestones are met:

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

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

EXHIBIT 99.2

**Pharmacy Creations, LLC**
**Unaudited Financial Statements**
For the Three Months Ended March 31, 2014 and 2013

**PHARMACY CREATIONS, LLC**
**BALANCE SHEETS**

| | March 31, 2014 (unaudited) | December 31, 2013 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | $ 4,982 | $ 40,425 |
| Accounts receivable, net | 58,420 | 88,406 |
| Prepaid expenses and other current assets | 30,256 | 21,344 |
| Inventory | 213,190 | 161,725 |
| Total current assets | 306,848 | 311,900 |
| Furniture and equipment, net | 44,510 | 49,188 |
| TOTAL ASSETS | $ 351,358 | $ 361,088 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | $ 120,049 | $ 116,130 |
| Accrued payroll and related liabilities | 35,476 | 63,661 |
| Customer deposits | 12,316 | 21,610 |
| Due to Imprimis Pharmaceuticals, Inc. | 41,356 | - |
| Current portion of capital lease obligation | 6,360 | 6,293 |
| Total current liabilities | 215,557 | 207,694 |
| | | |
| Capital lease obligation, net of current portion | 11,800 | 13,416 |
| TOTAL LIABILITIES | 227,357 | 221,110 |
| Commitments and contingencies | | |
| MEMBERS' EQUITY | | |
| Members' equity | 124,001 | 139,978 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | $ 351,358 | $ 361,088 |

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

**PHARMACY CREATIONS, LLC**
**STATEMENTS OF INCOME**
**(Unaudited)**

| | For the Three Months Ended March 31, 2014 | For the Three Months Ended March 31, 2013 |
|---|---|---|
| Pharmacy sales, net | $ 622,435 | $ 708,751 |
| Cost of sales | (412,508) | (451,010) |
| Gross profit | 209,927 | 257,741 |
| Operating expenses: | | |
| Selling, general and administrative | 119,282 | 94,678 |
| Total operating expenses | 119,282 | 94,678 |
| Operating income | 90,645 | 163,063 |
| Other expense: | | |
| Interest expense | (1,841) | (185) |
| Total other expense | (1,841) | (185) |
| Net income | $ 88,804 | $ 162,878 |

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

**PHARMACY CREATIONS, LLC**
**STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | For the Three Months Ended March 31, 2014 | For the Three Months Ended March 31, 2013 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | $ 88,804 | $ 162,878 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 4,678 | 5,321 |
| Changes in assets and liabilities: | | |
| Accounts receivable | 29,986 | 16,528 |
| Prepaid expenses and other current assets | (8,912) | 8,974 |
| Inventory | (51,465) | (7,517) |
| Accounts payable and accrued expenses | 3,919 | 17,450 |
| Accrued payroll and related liabilities | (28,185) | (4,561) |
| Customer deposits | (9,294) | (3,145) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 29,531 | 195,928 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Distributions to members | (104,781) | (223,393) |
| Proceeds from advance from Imprimis Pharmaceuticals, Inc. | 41,356 | - |
| Payments on capital lease obligation | (1,549) | (1,484) |
| Payments on debt | - | (8,400) |
| NET CASH USED IN FINANCING ACTIVITIES | (64,974) | (233,277) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (35,443) | (37,349) |
| CASH AND CASH EQUIVALENTS, beginning of period | 40,425 | 117,675 |
| CASH AND CASH EQUIVALENTS, end of period | $ 4,982 | $ 80,326 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Interest paid | $ 212 | $ 368 |
| Cash paid for income taxes | $ - | $ - |

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

**NOTE 1. OVERVIEW, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Company and Background**

Pharmacy Creations, LLC ("PC" or the "Company") is a New Jersey limited liability company organized on August 24, 2000. The Company is a provider of customized sterile and non-sterile compounded pharmaceuticals located in Randolph, NJ. The Company also offers patient and prescriber consultations in pain management, nutritional wellness and women's health.

**Basis of Presentation**

The Company's financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and

The Company has prepared the accompanying unaudited condensed financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014. For further information, refer to the Company's audited financial statements and footnotes thereto included in this Current Report on Form 8-K/A for the years ended December 31, 2013 and 2012. The unaudited condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business.

**Limited Liability Company Operating Agreement**

As a limited liability company, each member's liability is limited to the capital invested. Allocation of profits, losses and distributions is in accordance with the terms as defined in the operating agreement. The Company is treated as a partnership for federal and New Jersey state income tax purposes. Consequently, federal and state income taxes are not payable by the Company. The Company's net income or loss is allocated among the members in accordance with the operating agreement of the Company and members are taxed individually on their share of the Company's earnings.

**Revenue Recognition and Deferred Revenue**

The Company recognizes revenues when all of the following criteria have been met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured.

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

**Cost of Sales**

Cost of sales includes direct and indirect costs to manufacture formulations and product sold, including packaging, storage, royalties (see Note 5), shipping and handling costs and the write-off of obsolete inventory.

**Concentrations of Credit Risk**

The Company places its cash with financial institutions deemed by management to be of high credit quality. The Federal Deposit Insurance Corporation ("FDIC") provides basic deposit coverage with limits to $250,000 per owner. At March 31, 2014 and December 31, 2013, the Company had no cash deposits in excess of FDIC limits.

**Cash and Cash Equivalents**

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

**Accounts Receivable**

The balance in accounts receivable consists of revenue amounts the Company has invoiced and recognized, but for which payment has not been received. Accounts receivable are presented net of an allowance for doubtful accounts in the amount of $3,957 as of March 31, 2014 and December 31, 2013.

**Inventory**

Inventories are stated at the lower of cost or market. Cost is determined on a first-in, first-out ("FIFO") basis. The Company evaluates the carrying value of inventories on a regular basis, based on the price expected to be obtained for products in their respective markets compared with historical cost. Write-downs of inventories are considered to be permanent reductions in the cost basis of inventories. Inventory consisted of $8,623 and $12,248 of finished goods, and $204,568 and $149,477 of raw materials at March 31, 2014 and December 31, 2013.

The Company also regularly evaluates its inventories for excess quantities and obsolescence (expiration), taking into account such factors as historical and anticipated future sales or use in production compared to quantities on hand and the remaining shelf life of products and active pharmaceutical ingredients on hand. The Company establishes reserves for excess and obsolete inventories as required based on its analyses.

**Furniture and Equipment**

Furniture and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization is calculated using the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized over the estimated useful life or remaining lease term, whichever is shorter. Computer software and hardware, and furniture and equipment are depreciated over three to five years.

Depreciation and amortization expense for the three months ended March 31, 2014 and 2013 were $4,678 and $5,321, respectively.

**Fair Value Measurements**

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

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

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

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

At March 31, 2014 and December 31, 2013, the Company did not have any financial assets or liabilities which are measured at fair value on a recurring basis. The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, accrued payroll and related liabilities, customer deposits, capital lease, and debt. The carrying amount of these financial instruments, approximates fair value due to the short-term maturities of these instruments. Based on borrowing rates currently available to the Company, the carrying value of the capital lease and debt approximates fair value.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates made by management include, among other things, provisions for uncollectible accounts receivable, realizability of inventory, and recoverability of long-lived assets.

## NOTE 2. DEBT

**Line of Credit**

The Company entered into a working capital line of credit agreement with a financial institution on March 21, 2008 and subsequently renewed the agreement on September 6, 2013. The line of credit has a maturity date of September 1, 2016. The line of credit agreement allows the Company to borrow proceeds of up to $75,000 and is secured by a first security interest on all business assets. The Company is required to pay regular monthly payments of all accrued unpaid interest due monthly, with interest on the line of credit calculated as the greater of one of the following: (a) the Prime Rate (as defined and published in the Wall Street Journal) plus 1.00% per annum, or (b) 4.25% per annum. The line of credit agreement is personally guaranteed by the members of PC. The Company did not borrow any funds under the line of credit agreement during the three months ended March 31, 2014.

**Term Loan**

The Company entered into a term loan with a financial institution on April 13, 2009 in the amount of $168,000. The term loan had a maturity date of May 1, 2014 and the Company was required to pay regular monthly principal and interest payments with the interest on the term loan calculated as the greater of one of the following: (a) the Prime Rate (as defined and published in the Wall Street Journal) plus 1.50% per annum, or (b) 4.25% per annum. The term loan was secured by a first security interest on all business assets and the term loan was personally guaranteed by the members of PC. During the three months ended March 31, 2014 and 2013, the Company recorded interest expense of $0 and $128, respectively. There was no outstanding term loan balance as of March 31, 2014.

## NOTE 3. MEMBERS' EQUITY

Pursuant to the Company's Limited Liability Company Operating Agreement (the "LLC Agreement"), the members agreed to establish a working capital fund for the Company of $100,000, to which each member contributed $50,000. Distributable cash and allocation of profits and losses are allocated to the members as defined in the LLC Agreement. Distributions to members during the three months ended March 31, 2014 and 2013 totaling $104,781 and $223,393, respectively, consisted of payments for members' share of income taxes, draws on salaries and personal expenses paid for by the Company on behalf of the members.

**NOTE 4. COMMITMENTS AND CONTINGENCIES**

**Capital Lease**

The Company leases equipment under a capital lease with an interest rate of 4.25% per annum. At March 31, 2014, future payments under this capital lease are as follows:

| | | |
|---|---|---|
| Remaining due during the year ending December 31, 2014 | $ | 5,257 |
| 2015 | | 7,009 |
| 2016 | | 7,009 |
| Total minimum lease payments | | 19,275 |
| Less amount representing interest | | (1,115) |
| Present value of future minimum lease payments | | 18,160 |
| Less current portion | | (6,360) |
| Capital lease obligation, net of current portion | $ | 11,800 |

**Commitments**

In August 2009, the Company amended its lease agreement for 3,874 square feet of office space, extending the term from January 1, 2010 to December 31, 2015, effective January 1, 2010. Monthly rent under the extended lease began on January 1, 2010 in the amount of $3,594.

**Indemnities and Guarantees**

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain transactions. The Company has agreed to indemnify the members and managers to the maximum extent permitted under the laws of the State of New Jersey. The Company indemnifies its lessor in connection with its facility lease for certain claims arising from the use of the facility. The indemnifications do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnifications in the accompanying balance sheets.

**Legal**

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

**NOTE 5. RELATED PARTY TRANSACTIONS**

During the three months ended March 31, 2014 and 2013, the Company made payments to Novel Drug Solutions, LLC (“NDS”), a related party. NDS is 50% owned by the former members of the Company (see Note 7), and 50% owned by two full-time employees of the Company. NDS owns certain intellectual property related to, among other things, certain formulations sold by the Company, and NDS is paid a royalty amount related to the formulation sales that utilize the NDS-owned intellectual property. During the three months ended March 31, 2014 and 2013, the Company paid NDS $7,100 and $9,320, respectively, and is included in cost of sales. No amounts were due and outstanding to NDS at March 31, 2014 and December 31, 2013.

During each of the three months ended March 31, 2014 and 2013, the Company made payments to members totaling $6,000 for the reimbursement of home office expenses which is included in selling, general and administrative expenses in the accompanying statements of income.

During the three months ended March 31, 2014 and 2013, the Company made payments to a sibling of one of the members totaling $1,608 and $5,815, respectively, for additional compensation and is included in selling, general and administrative expenses in the accompanying statements of income.

During the three months ended March 31, 2014, the Company received cash advances totaling $41,356 from Imprimis Pharmaceuticals, Inc. ("Imprimis"), a related party (see Note 7) to cover certain working capital needs. The Company owed to Imprimis $41,356 as of March 31, 2014.

**NOTE 6. SEGMENT INFORMATION**

The Company operates the business on the basis of a single reportable segment, which is the business of providing sterile and non-sterile pharmaceutical compounding services. The Company's chief operating decision-maker is the Pharmacist-in-Charge, who evaluates the Company as a single operating segment.

The Company categorizes revenues by geographic area based on selling location. All operations are currently located in the United States; therefore, total revenues for the three months ended March 31, 2014 and 2013 are attributed to the United States. All long-lived assets at March 31, 2014 and December 31, 2013 are located in the United States.

The Company sells its compounded formulations to a large number of customers. Less than 10% of the Company's total` pharmacy sales were derived from a single customer for the three months ended March 31, 2014 and 2013.

The Company receives its active pharmaceutical ingredients from three main suppliers. These suppliers accounted for 60%, and 69% of drug and chemical purchases during the three months ended March 31, 2014 and 2013, respectively.

**NOTE 7. SUBSEQUENT EVENTS**

The Company has performed an evaluation of events occurring subsequent to March 31, 2014 through June 13, 2014, the date of the issuance of these financial statements. Based on its evaluation, nothing other than the events described below need to be disclosed.

On April 1, 2014, the Imprimis acquired all of the outstanding membership interests of the Company from J. Scott Karolchyk and Bernard Covalesky (the "Sellers", and such transaction, the "PC Acquisition").

- At the closing of the PC Acquisition, Imprimis paid to the Sellers an aggregate cash purchase price of $600,000. In addition, the Sellers are entitled to receive additional contingent consideration upon the satisfaction of certain conditions:

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

    - A contingent stock payment of up to an aggregate of 215,190 shares of Imprimis common stock, issuable only if the following revenue milestones are met:

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

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

**EXHIBIT 99.3**

## UNAUDITED PROFORMA FINANCIAL INFORMATION

On April 1, 2014, the Company acquired all of the outstanding membership interests of Pharmacy Creations, LLC (“Pharmacy Creations” or “PC”) from J. Scott Karolchyk and Bernard Covalesky (the “Sellers”, and such transaction, the “PC Acquisition”). The acquisition of Pharmacy Creations, a compounding pharmacy located in Randolph, New Jersey, permits the Company to make and distribute its patent-pending proprietary drug formulations and other novel pharmaceutical solutions.

At the closing of the PC Acquisition, the Company paid to the Sellers an aggregate cash purchase price of $600,000. In addition, the Sellers are entitled to receive additional contingent consideration upon the satisfaction of certain conditions:

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

- A contingent stock payment of up to an aggregate of 215,190 shares of our common stock, issuable only if the following revenue milestones are met:

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

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

The total fair value of consideration to be transferred for the acquisition is $1,114,622, consisting of the $600,000 payment in cash and contingent earn-out payments described above with a deemed value of $514,622, with contingent payments extending over a period of twenty four months following the PC Acquisition.

The following unaudited pro forma condensed combined balance sheet as of March 31, 2014 includes the unaudited historical balance sheet of Imprimis Pharmaceuticals, Inc. as of March 31, 2014 and the unaudited historical balance sheet of Pharmacy Creations as of March 31, 2014. The following unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2014 includes the unaudited historical statement of operations of Imprimis Pharmaceuticals, Inc. and unaudited historical statement of income of Pharmacy Creations for the three months ended March 31, 2014. The following unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013 combines the audited historical consolidated statement of operations of Imprimis Pharmaceuticals, Inc. for the year ended December 31, 2013 and the audited historical statement of income of Pharmacy Creations for the year ended December 31, 2013, giving effect to the acquisition as if it had been consummated at the beginning of the period presented.

The pro forma statements of operations do not reflect any future operating efficiencies and cost savings resulting from the transaction. Unaudited pro forma condensed combined financial information is presented for information purposes only and is not necessarily indicative of the results that actually would have been realized had the acquisition been completed on the date indicated or which may be expected to occur in the future.

The unaudited pro forma condensed combined financial information should be read in conjunction with the audited historical financial statements and related notes of Imprimis Pharmaceuticals, Inc. which are incorporated by reference into this Form 8-K/A and the audited historical financial statements and related notes of Pharmacy Creations, which are included as an exhibit in this Form 8-K/A.

The unaudited pro forma condensed combined financial information excludes costs associated with the integration and consolidation of the companies.

**IMPRIMIS PHARMACEUTICALS, INC. & PHARMACY CREATIONS, LLC**
**PRO FORMA CONDENSED COMBINED - BALANCE SHEETS**
**as of March 31, 2014**
**(Unaudited)**

| | Imprimis Pharmaceuticals, Inc. | Pharmacy Creations, LLC | Pro Forma Adjustments | Combined |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | $ 14,201,144 | $ 4,982 | $ (600,000) (a) | $ 13,606,126 |
| Restricted short-term investment | 50,127 | - | - | 50,127 |
| Accounts receivable, net | 1,410 | 58,420 | - | 59,830 |
| Due from Pharmacy Creations, LLC | 41,356 | - | (41,356) (b) | - |
| Prepaid expenses and other current assets | 123,664 | 30,256 | - | 153,920 |
| Inventory | - | 213,190 | - | 213,190 |
| Total current assets | 14,417,701 | 306,848 | (641,356) | 14,083,193 |
| Intangible assets | - | - | 659,000 (c) | 659,000 |
| Goodwill | - | - | 331,621 (d) | 331,621 |
| Furniture and equipment, net | 34,230 | 44,510 | - | 78,740 |
| TOTAL ASSETS | $ 14,451,931 | $ 351,358 | $ 349,265 | $ 15,152,554 |
| LIABILITIES AND OWNERS' EQUITY | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued expenses | $ 457,105 | $ 120,049 | $ - | $ 577,154 |
| Accrued payroll and related liabilities | 198,362 | 35,476 | - | 233,838 |
| Customer deposits | - | 12,316 | - | 12,316 |
| Due to Imprimis Pharmaceuticals, Inc. | - | 41,356 | (41,356) (b) | - |
| Current portion of capital lease obligation | - | 6,360 | - | 6,360 |
| Total current liabilities | 655,467 | 215,557 | (41,356) | 829,668 |
| Contingent acquisition obligations | - | - | 514,622 (e) | 514,622 |
| Capital lease obligation, net of current portion | - | 11,800 | - | 11,800 |
| TOTAL LIABILITIES | 655,467 | 227,357 | 473,266 | 1,356,090 |
| TOTAL OWNERS' EQUITY | 13,796,464 | 124,001 | (124,001) (f) | 13,796,464 |
| TOTAL LIABILITIES AND OWNERS' EQUITY | $ 14,451,931 | $ 351,358 | $ 349,265 | $ 15,152,554 |

See accompany notes to unaudited pro forma condensed combined financial statements

**IMPRIMIS PHARMACEUTICALS, INC. & PHARMACY CREATIONS, LLC**
**PRO FORMA CONDENSED COMBINED - STATEMENT OF OPERATIONS**
**For the Three Months Ended March 31, 2014**
**(Unaudited)**

| | Imprimis Pharmaceuticals, Inc. | Pharmacy Creations, LLC | Pro Forma Adjustments | | Combined |
|---|---|---|---|---|---|
| License revenues | $ 1,410 | $ - | $ - | | $ 1,410 |
| Pharmacy sales, net | - | 622,435 | - | | 622,435 |
| Cost of sales | - | (412,508) | - | | (412,508) |
| Gross profit | 1,410 | 209,927 | - | | 211,337 |
| Operating Expenses: | | | | | |
| Selling, general and administrative | 2,276,730 | 119,282 | 17,433 | (g) | 2,413,445 |
| Research and development | 60,152 | - | - | | 60,152 |
| Total operating expenses | 2,336,882 | 119,282 | 17,433 | | 2,473,597 |
| Income (loss) from operations | (2,335,472) | 90,645 | (17,433) | | (2,262,260) |
| Other income (expense): | | | | | |
| Interest expense | - | (1,841) | - | | (1,841) |
| Interest income | 10,309 | - | - | | 10,309 |
| Total other income (expense), net | 10,309 | (1,841) | - | | 8,468 |
| Net income (loss) | $ (2,325,163) | $ 88,804 | $ (17,433) | | $ (2,253,792) |
| Net loss per share of common stock, basic and diluted | $ (0.26) | | | | $ (0.25) |
| Weighted average number of shares of common stock outstanding, basic and diluted | 9,010,602 | | | | 9,130,611 |

See accompany notes to unaudited pro forma condensed combined financial statements

**IMPRIMIS PHARMACEUTICALS, INC. & PHARMACY CREATIONS, LLC**
**PRO FORMA CONDENSED COMBINED - STATEMENT OF OPERATIONS**
**For the Year Ended December 31, 2013**
**(Unaudited)**

| | Imprimis Pharmaceuticals, Inc. | Pharmacy Creations, LLC | Pro Forma Adjustments | | Combined |
|---|---|---|---|---|---|
| License revenues | $ 10,000 | $ - | $ - | | $ 10,000 |
| Pharmacy sales, net | - | 2,856,575 | - | | 2,856,575 |
| Cost of sales | - | (1,798,908) | - | | (1,798,908) |
| Gross profit | 10,000 | 1,057,667 | - | | 1,067,667 |
| Operating Expenses: | | | | | |
| Selling, general and administrative | 6,080,797 | 427,507 | 60,733 | (g) | 6,569,037 |
| Research and development | 1,616,082 | - | - | | 1,616,082 |
| Total operating expenses | 7,696,879 | 427,507 | 60,733 | | 8,185,119 |
| Income (loss) from operations | (7,686,879) | 630,160 | (60,733) | | (7,117,452) |
| Other income (expense): | | | | | |
| Interest expense | - | (3,963) | - | | (3,963) |
| Interest income | 43,755 | - | - | | 43,755 |
| Total other income (expense), net | 43,755 | (3,963) | - | | 39,792 |
| Net income (loss) | $ (7,643,124) | $ 626,197 | $ (60,733) | | $ (7,077,660) |
| Net loss per share of common stock, basic and diluted | $ (0.88) | | | | $ (0.81) |
| Weighted average number of shares of common stock outstanding, basic and diluted | 8,656,822 | | | | 8,776,831 |

See accompany notes to unaudited pro forma condensed combined financial statements

**IMPRIMIS PHARMACEUTICALS, INC. & PHARMACY CREATIONS, LLC**
**NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

**NOTE 1. BASIS OF PRESENTATION**

The unaudited pro forma condensed combined balance sheet as of March 31, 2014 and the unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2014 and the year ended December 31, 2013, are based on Imprimis Pharmaceuticals, Inc.'s (the "Company") unaudited historical financial statements as of and for the three months ended March 31, 2014, historical audited financial statements for the year ended December 31, 2013, and the unaudited historical financial statements of Pharmacy Creations, LLC ("PC") as of and for the three months ended March 31, 2014 and historical audited financial statements for the year ended December 31, 2013, after giving effect to the Company's acquisition of PC on April 1, 2014 and the assumptions, reclassifications and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements.

The Company is required to recognize the assets acquired and, liabilities assumed, measured at their fair values as of the acquisition date. Significant assumptions and estimates have been made in determining the purchase price and the allocation of the purchase price in the unaudited pro forma condensed combined financial statements. These preliminary estimates and assumptions are subject to change during the purchase price measurement period as the Company finalizes the valuations of the net tangible assets, intangible assets and contingent consideration. These changes could result in material variances between its future financial results and the amounts presented in these unaudited condensed combined financial statements, including variances in fair values recorded, as well as expenses and cash flows associated with these items.

**Accounting Periods Presented**

The unaudited pro forma condensed combined balance sheet and statements of operations as of and for the three months ended March 31, 2014, and for the year ended December 31, 2013 is presented as if the PC acquisition occurred at the beginning of the periods presented.

**NOTE 2. PURCHASE PRICE ALLOCATION**

On April 1, 2014, the Company acquired all of the outstanding membership interests of PC (the "PC Acquisition") from J. Scott Karolchyk and Bernard Covalesky (the "Sellers"), such that PC became a wholly-owned subsidiary of the Company. The acquisition of PC permits the Company to make and distribute its patent-pending proprietary drug formulations and other novel pharmaceutical solutions.

The estimated acquisition date fair value of consideration transferred, assets acquired and liabilities assumed for PC are presented below and represent the Company's best estimates.

**Preliminary Fair Value of Consideration Transferred**

At the closing of the PC Acquisition, the Company paid to the Sellers an aggregate cash purchase price of $600,000. In addition, the Sellers are entitled to receive additional contingent consideration upon the satisfaction of certain conditions:

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

Management estimates that earnout payments will be made, however, it has applied a discount rate to represent the risk of these not occurring in determining the fair value. The total acquisition date fair value of the consideration to be transferred is estimated at approximately $1.1 million. The total acquisition date fair value of consideration transferred is estimated as follows:

| | | |
|---|---|---|
| Cash payment to sellers at closing | $ | 600,000 |
| Contingent common stock issuance to the Sellers | | 483,156 |
| Contingent cash consideration to the Sellers | | 31,466 |
| Total acquisition date fair value | $ | 1,114,622 |

A liability will be recognized for an estimate of the acquisition date fair value of the future contingent common stock and cash payments.

**Preliminary Allocation of Consideration Transferred**

The identifiable assets acquired and liabilities assumed were recognized and measured as of the acquisition date based on their estimated fair values as of April 1, 2014, the acquisition date. The excess of the acquisition date fair value of consideration transferred over estimated fair value of the net tangible assets and intangible assets acquired was recorded as goodwill.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date.

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 4,982 |
| Accounts receivable | | 58,420 |
| Prepaid expenses and other assets | | 30,256 |
| Inventory | | 213,190 |
| Property and equipment | | 44,510 |
| Intangible assets | | 659,000 |
| Total identifiable assets acquired | | 1,010,358 |
| | | |
| Accounts payable and accrued liabilities | | 120,049 |
| Other liabilities | | 107,308 |
| Total liabilities assumed | | 227,357 |
| Goodwill | | 331,621 |
| | | |
| Net assets acquired | $ | 1,114,622 |

*Intangible Assets*

In determining the fair value of the intangible assets, the Company considered, among other factors, the best use of the acquired assets, analyses of historical financial performance and estimates of future performance of PC sales. The fair values of the identified intangible assets related to the customer relationships, trade name, non-compete clause, and pharmacy licenses. Customer relationships, and non-compete clauses were calculated using the income approach. Trade name and pharmacy licenses were calculated using the cost approach. The following table sets forth the components of identified intangible assets associated with the PC acquisition and their estimated useful lives.

| | | Fair Value | Useful Life |
|---|---|---|---|
| Customer relationships | $ | 596,000 | 15 years |
| Trade Name | | 5,000 | 5 years |
| Non-compete | | 50,000 | 2 years |
| Licenses | | 8,000 | 2 years |
| | $ | 659,000 | |

The Company determined the useful lives of intangible assets based on the expected future cash flows associated with the respective asset. Patents are related to the design and development of PC's formulations and this proprietary know-how can be leveraged to develop new technology and formulations and improve their existing formulations. Trade names represent the fair value of the brand and name recognition associated with the marketing of PC's formulations and services. Customer relationships represent the expected benefit from future contracts which, at the date of acquisition, were reasonably anticipated to continue given the history and operating practices of PC.

*Goodwill*

Of the total estimated purchase price, approximately $331,621 was allocated to goodwill. Goodwill represents the excess of the purchase price of the acquired business over the fair value of the underlying net tangible and intangible assets. Goodwill resulting from the acquisition will be tested for impairment at least annually and more frequently if certain indicators are present. In the event the Company determines that the value of goodwill has become impaired, it will incur an accounting charge for the amount of the impairment during the fiscal quarter in which the determination is made. None of the goodwill is expected to be deductible for income tax purposes.

**NOTE 3. PRO FORMA AND RECLASSIFICATION ADJUSTMENTS**

Pro forma adjustments are made to reflect the estimated purchase price, to adjust amounts related to PC's net tangible assets and intangible assets to a preliminary estimate of the fair values of those assets and to reflect the amortization expense related to the estimated amortizable intangible assets. Additionally, the Company reclassified certain of PC's balances to conform to the Company's financial statement presentation.

The following describes the pro forma adjustments related to the PC Acquisition made in the accompanying unaudited pro forma condensed combined balance sheet as of March 31, 2014, and the unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2014 and the year ended December 31, 2013, giving effect to the acquisition as if it had been consummated at the beginning of the periods presented:

(a) To reflect the cash paid to the Sellers in connection with the PC Acquisition ($600,000).

(b) To reflect the elimination of amounts owed by PC to the Company.

(c) To reflect the fair value of identifiable intangible assets acquired.

(d) To reflect the fair value of the goodwill based on the net assets acquired as if the PC Acquisition occurred on January 1 of the period presented.

(e) To reflect the fair value of the contingent earn-out cash payments and common stock issuances potentially owed to the Sellers in connection with the PC Acquisition.

(f) To reflect the elimination of PC's members' equity.

(g) To reflect estimated amortization expense of identifiable intangible assets of $17,433 and $60,733, for the three months ended March 31, 2014 and for the year ended December 31, 2013, respectively, as if the acquisition had occurred at the beginning of the periods presented.

The fair value adjustments made herein and the allocation of purchase price is preliminary. The final allocation will be based on estimates and appraisals that will be finalized within one year of the closing of the PC Acquisition and based on the Company's final evaluation of PC's assets and liabilities, including both tangible and intangible assets. The final allocation of purchase price and the resulting effect on net income (loss) may differ from the pro forma amounts included herein. If the Company's final purchase price allocation differs from the allocation used in preparing these pro forma combined condensed financial statements, the Company's pro forma tangible and intangible assets and pro forma net income (loss) could be higher or lower. Goodwill represents the excess purchase price after all other intangibles have been identified, and, at this time, the Company has not completed its valuation analysis of intangible assets and will update these values in future filings.

The Company has not currently identified any pre-acquisition contingencies where a liability is probable and the amount of the liability can be reasonably estimated. If information becomes available to management prior to the end of the measurement period (no longer than 12 months after the closing of the acquisition), which would indicate that a liability as of the acquisition date is probable and the amount can be reasonably estimated, such items may be reflected in the acquisition accounting.

**NOTE 4. PRO FORMA NET LOSS PER COMMON SHARE**

The pro forma shares included in the calculation of the weighted average number of common shares outstanding required to calculate basic loss per share assumes the issuance of an aggregate of 120,009 shares of common stock in connection with the acquisition of PC at the beginning of the periods presented.

The calculation of the basic weighted average number of common shares outstanding for the three months ended March 31, 2014 and for the year ended December 31, 2013 is as follows:

| | March 31, 2014 | December 31, 2013 |
|---|---|---|
| Weighted average shares of common stock outstanding | 9,010,602 | 8,656,822 |
| Estimated common stock issuances potentially owed to the Sellers | 120,009 | 120,009 |
| Pro forma weighted average shares of common stock outstanding | 9,130,611 | 8,776,831 |