UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K/A

Amendment No. 1

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

Date of report (Date of earliest event reported): **January 29, 2015**

MATINAS BIOPHARMA HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

(Commission File Number)	**46-3011414** (IRS Employer Identification No.)
1545 Route 206 South, Suite 302. Bedminster, New Jersey (Address of principal executive offices)	**07921** (Zip Code)

(908) 443-1860
(Registrant's telephone number, including area code)

(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))

Item 2.01 Completion of Acquisition or Disposition of Assets.

On January 30, 2015, Matinas Biopharma Holdings, Inc., a Delaware corporation (the "***Company***"), filed a Current Report on Form 8-K (the "***Original Form 8-K***") with the U.S. Securities and Exchange Commission (the "***SEC***") to report, among other things, that it had completed its acquisition of Aquarius Biotechnologies, Inc., a Delaware corporation ("Aquarius"), pursuant to an Agreement and Plan of Merger (the "Merger Agreement") with Saffron Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company ("Merger Sub") and J. Carl Craft, as the stockholder representative, dated January 29, 2015. This Current Report on Form 8-K/A amends the Original Form 8-K to include the required financial statements and pro forma financial information.

Item 2.02 Results of Operations and Financial Condition.

While full, audited financial information for the year ended December 31, 2014 is not yet available, the unaudited pro forma condensed combined statement of operations for the fiscal year ended December 31, 2014 and accompanying notes, which are filed as Exhibit 99.1 to this report, contain and are calculated basis on preliminary, unaudited financial information for the year ended December 31, 2014. The preliminary financial data included in Exhibit 99.1 has been prepared by, and is the responsibility of, the Company's management. EisnerAmper LLP has not audited, reviewed, compiled or performed any procedures with respect to the preliminary financial data contained in Exhibit 99.1. Accordingly, EisnerAmper LLP does not express an opinion or any other form of assurance with respect thereto. This unaudited preliminary financial information is based upon the Company's progress to date and does not present all necessary information for an understanding of the Company's financial condition as of December 31, 2014. The preparation and audit of the Company's consolidated financial statements for the year ended December 31, 2014 is ongoing and could result in material changes. If any changes are required to Exhibit 99.1, the Company will file a further amendment to this report to include the updated pro forma financial information.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The Company's unaudited pro forma condensed combined statement of operations for the fiscal year ended December 31, 2014, and related notes, showing the pro forma effects of the Company's acquisition of Aquarius, are filed as Exhibit 99.1 to this Current Report on Form 8-K/A and incorporated herein by reference.

(d) Exhibits.

Exhibit Number	**Description**
2.1	Agreement and Plan of Merger (the "Merger Agreement") with Aquarius Biotechnologies, Inc., a Delaware corporation ("Aquarius"), Saffron Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company ("Merger Sub") and J. Carl Craft, as the stockholder representative (incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on January 30, 2015).
23.1	Consent of Independent Registered Public Accounting Firm.
99.1	Unaudited pro forma condensed combined financial statements of Matinas Biopharma Holdings, Inc. for the fiscal year ended December 31, 2014, and related notes.
99.2	Audited consolidated financial statements of Aquarius Biotechnologies Inc. for the fiscal years ended December 31, 2014 and 2013, and related notes.

An investment in the Company's securities involves various risks and uncertainties and investors are encouraged to review the risks identified in the Company's filings with the SEC. Any such risks and uncertainties could materially and adversely affect the Company's results of operations, profitability and cash flows, which would, in turn, have a significant and adverse impact on the Company's stock price.

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.

MATINAS BIOPHARMA HOLDINGS, INC.

By: /s/ Roelof Rongen
Name: Roelof Rongen
Title: President and Chief Executive Officer
Date: March 18, 2015

EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of January 29, 2015, by and among Matinas Biopharma Holdings, Inc., Aquarius Biotechnologies, Inc., Saffron Merger Sub, Inc., and J. Carl Craft, as the stockholder representative (incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on January 30, 2015).
23.1	Consent of Independent Registered Public Accounting Firm.
99.1	Unaudited pro forma condensed combined statement of operations of Matinas Biopharma Holdings, Inc. for the fiscal year ended December 31, 2014, and related notes.
99.2	Audited consolidated financial statements of Aquarius Biotechnologies Inc. for the fiscal years ended December 31, 2014 and 2013, and related notes.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement of Matinas Biopharma Holdings, Inc. on Form S-1 (file no. 333-193455) and Registration Statement on Form S-8 (file no. 333-198488) of our report dated February 5, 2015, on our audits of the consolidated financial statements of Aquarius Biotechnologies, Inc. and Subsidiary as of December 31, 2014 and 2013, which report is included in this Form 8-K/A Amendment No. 1 to be filed on or about March 18, 2015. Our report includes an explanatory paragraph about the existence of substantial doubt concerning the Company's ability to continue as a going concern.

/s/ EISNERAMPER LLP

Iselin, New Jersey
March 18, 2015

Exhibit 99.1

Unaudited Pro Forma Condensed Combined Financial Statements of Matinas BioPharma Holdings Inc.

The following unaudited pro forma condensed combined financial information has been prepared to reflect adjustments to the financial condition and results of operations of Matinas Biopharma Holdings, Inc. (the "Company" or "Matinas") to give the estimated effects of our acquisition of Aquarius Biotechnologies Inc., a Delaware corporation ("Aquarius").

On January 29, 2015, Matinas entered into an Agreement and Plan of Merger (the "Merger Agreement") with Aquarius, Saffron Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company ("Merger Sub") and J. Carl Craft, as the stockholder representative. Aquarius is a clinical-stage biopharmaceutical company focused on the development and commercialization of new drugs using its innovative drug delivery platform with an initial focus on developing drugs with application in infectious diseases. The Aquarius drug delivery platform is based on its proprietary cochleate technology. Aquarius' lead product candidate is an application of cochleate technology to a broad spectrum anti-fungal drug called amphotericin B, for which Aquarius has completed its single-dose Phase 1 study.

The merger contemplated by the Merger Agreement (the "Merger") became effective on January 29, 2015, following the satisfaction or waiver of the conditions described in the Merger Agreement, including approval of the transaction by 100% of Aquarius' stockholders pursuant to the Merger, the Merger Sub merged with and into Aquarius, with Aquarius surviving the Merger as a wholly-owned subsidiary of the Company. The Merger is intended to qualify as a tax-free reorganization for U.S. federal income tax purposes.

At the effective time of the Merger, each issued and outstanding share of Aquarius' common stock (including each share of Aquarius' common stock underlying outstanding convertible notes, which shares were deemed issued and outstanding at the effective time) was converted into and the right to receive an amount, without interest, equal to the per share merger consideration, which is the sum of the per share closing consideration and the per share milestone consideration, and each share of Aquarius' common stock held in treasury was cancelled and extinguished without any payment or distribution. Pursuant to the terms of the Merger Agreement, the Company is obligated to issue an aggregate of up to 5,000,000 shares of the Company's common stock, par value $0.0001 per share stock (the "Common Stock") at closing, subject to adjustment as set forth in the Merger Agreement. At closing, the Company issued 4,608,020 shares (the "Closing Shares") of the Company's Common Stock as closing consideration at a price per share of $0.46 representing the close of trading price on the day of the closing. The number of Closing Shares may be adjusted after the closing under the terms of the Merger Agreement but in no event shall the number of Closing Shares exceed 5,000,000 shares of the Company's Common Stock. In addition, subject to the Company's right of setoff for indemnification claims, the Company may issue up to an additional 3,000,000 shares (the "Additional Shares") of Common Stock upon the achievement of certain milestones. The milestone consideration consists of (i) 1,500,000 shares issuable upon the dosing of the first patient in a phase III trial sponsored by the Company for a product utilizing Aquarius' proprietary drug cochleate technology and (ii) 1,500,000 shares issuable upon FDA approval of the first NDA submitted by the Company for a product utilizing Aquarius' proprietary drug cochleate technology.

As of the effective time of the Merger, following the issuance of the Closing Shares, the former Aquarius stockholders collectively own approximately 8% of the aggregate number of shares of the Common Stock outstanding (on a fully diluted basis), and the stockholders of the Company as of immediately prior to the Merger (the "Company Stockholders") own approximately 92% of the aggregate number of shares of the Common Stock outstanding (on a fully diluted basis). These percentage figures do not take into account the potential issuance of the additional shares or the potential effect of indemnification claims.

Under certain limited circumstances, the Company will be required to transfer Aquarius' cochleate technology back to the former shareholders of Aquarius. This transfer would be required under the Merger Agreement in the event the following conditions are met: (i) no milestone events have occurred on or before the two-year anniversary of the effective time of the Merger (the "Transfer Date"), (ii) during such period the Company shall have discontinued efforts to develop or commercialize the cochleate technology (as conclusively demonstrated by Company's omission of the cochleate technology in at least two consecutive royalty, progress and payment reports delivered to Rutgers University pursuant to the license agreement entered into between Aquarius and Rutgers) and (iii) as of the Transfer Date, no unresolved indemnification claims for the Company and its indemnified parties are pending. If the foregoing conditions are met, the Company would transfer the cochleate technology to the stockholder representative or to a newly formed entity as directed by the stockholder representative (in either case for the benefit of the former Aquarius stockholders) following receipt of any necessary third party consents required for the transfer, which the Company shall use its commercially reasonable efforts to obtain.

The Merger has been accounted for as a business combination (in accordance with *ASC 805 Business Combinations*) and, as such, the Aquarius assets acquired and liabilities assumed have been recorded at their respective fair values as of the effective date of the merger. The determination of fair value for the identifiable tangible and intangible assets acquired and liabilities assumed requires extensive use of accounting estimates and judgments. Significant estimates and assumptions include, but are not limited to: determining the timing and estimated costs to complete the in-process research and development projects, projecting the likelihood and timing of obtaining regulatory approval, estimating future cash flows and determining the appropriate discount rate and the likelihood of successfully achieving the contingent consideration clinical and regulatory milestones. The estimated fair values of the assets acquired and liabilities assumed on the Merger date included in the Unaudited Pro Forma Condensed Combined Financial Statements (the "Statements") are provisional.

As used herein, the terms "the Company," "we," and "our" refer to Matinas BioPharma Holdings Inc., and, where applicable, its consolidated subsidiaries. The Unaudited Pro Forma Condensed Combined Balance Sheet as of December 31, 2014 gives effect to the Merger as if it had occurred on that date and includes historical data as reported by the separate companies as well as adjustments that give effect to events that are directly attributable to the Merger that are factually supportable. The Unaudited Pro Forma Condensed Combined Statements of Operations for the years ended December 31, 2014 and 2013 give effect to the Merger as if it had been consummated on January 1, 2014 and January 1, 2013, respectively and include historical data as reported by the separate companies as well as adjustments that give effect to events that are directly attributable to the Merger.

The pro forma adjustments reflecting the consummation of the Merger are based upon the acquisition method of accounting in accordance with U.S. generally accepted accounting principles and upon the assumptions set forth in the Notes included in this section. The Statements have been prepared based on available information, using estimates and assumptions that our management believes are reasonable. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are preliminary and have been made solely for purposes of developing this unaudited pro forma condensed combined financial information. The Unaudited Pro Forma Condensed Combined Balance Sheet has been adjusted to reflect the allocation of the purchase price to identifiable net assets acquired and of the excess purchase price to goodwill.

The pro forma adjustments are based on currently available information and upon assumptions that the Company believes are reasonable under the circumstances. A final determination of the allocation of the purchase price to the assets acquired and the liabilities assumed has not been made, therefore, the allocation reflected in the unaudited pro forma condensed combined financial statements should be considered preliminary and is subject to the completion of a more comprehensive valuation of the assets acquired and liabilities assumed. The final allocation of purchase price could differ from the pro forma allocation included herein. Amounts preliminarily allocated to intangible assets and goodwill may change significantly, and amortization methods and useful lives may differ from the assumptions that have been used in this unaudited pro forma condensed combined financial information, any of which could result in a material change in depreciation and amortization expense.

The unaudited pro forma condensed combined statements of operations and comprehensive loss are provided for illustrative purposes only. The unaudited pro forma condensed combined statements of operations and comprehensive loss are not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the acquisition been completed as of the dates indicated or that may be achieved in the future and should not be taken as representative of future combined results of operations or financial condition of the Company. Furthermore, no effect has been given in the unaudited pro forma condensed combined statements of operations for synergistic benefits and potential cost savings, if any, that may be realized through the consolidation of the two companies or the costs that may be incurred in integrating their operations.

The assumptions used and adjustments made in preparing the Statements are described in the Notes, which should be read in conjunction with the Statements. The Statements and related Notes contained herein should be read in conjunction with the Consolidated Financial Statements and related Notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 to be filed on or before March 31, 2015.

MATINAS BIOPHARMA HOLDINGS INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2014

	Matinas Historical	Aquarius Historical	Proforma adjustments	Notes	Proforma
ASSETS					
Current assets:					
Cash	$ 2,590,713	$ 66,680	$ -		$ 2,657,393
Restricted cash	100,000	-			100,000
Contract receivable	-	27,299			27,299
Prepaid expenses and other current assets	114,425	6,711			121,136
Total current assets	2,805,138	100,690	-		2,905,828
					-
Property and equipment, net	339,995	5,051	-		345,046
In-process research and development	-	207,377	2,810,000	(2a)	3,017,377
Goodwill	-	-	1,390,914	(2b)	1,390,914
Other assets	216,317	700			217,017
Total assets	$ 3,361,450	$ 313,818	$ 4,200,914		$ 7,876,182
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 271,155	$ 148,103	$ -		$ 419,258
Notes payable		10,000	-		10,000
Accrued expenses	802,746	14,939	(8,740)	(2f)	808,945
Other current liabilities	44,362	90,328	25,000	(2g)	159,690
Total current liabilities	1,118,263	263,370	16,260		1,397,893
					-
Acquisition related contingent consideration	-	-	753,346	(2c)	753,346
Convertible long-term debt	-	100,000	(100,000)	(2f)	-
Deferred tax liability	-	27,668	1,225,659	(2d)	1,253,327
Other liabilities	15,291	-	-		15,291
Total liabilities	1,133,554	391,038	1,895,265		3,419,857
Stockholders' equity (deficit):					
Common stock, December 31, 2014—$0.0001 par value, 150,000,000 shares authorized, 32,292,650 shares issued and outstanding; and 36,900,670 shares pro forma	3,230	114	347	(2e)	3,691
Stock subscriptions receivable	-	(100)	100	(2e)	-
Additional paid-in capital	16,276,430	431,541	1,796,427	(2e)	18,504,398
Accumulated deficit	(14,051,764)	(508,775)	508,775	(2e)	(14,051,764)
Total stockholders' equity (deficit)	2,227,896	(77,220)	2,305,649		4,456,325
					-
Total liabilities and stockholders' equity (deficit)	$ 3,361,450	$ 313,818	$ 4,200,914		$ 7,876,182

MATINAS BIOPHARMA HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Matinas Historical	Aquarius Historical	Pro Forma Acquisition Adjustments	Notes	Pro Forma Combined
Grant revenues:	-	$ 304,673	-		$ 304,673
Operating expenses:					
Research and development	$ 5,175,520	496,286	-		5,671,806
General and administrative	5,289,479	52,892	-		5,342,371
Total Operating expenses	10,464,999	549,178	-		11,014,177
Operating loss	(10,464,999)	(244,505)	-		(10,709,504)
Other income (expense)	(25,173)	(5,175)	$ 5,000	(2f)	(25,348)
Net loss before income tax benefit (expense)	(10,490,172)	(249,680)	5,000		(10,734,852)
Income tax beneft (expense)	269,127	(21,838)			247,289
Net loss	$ (10,221,045)	$ (271,518)	$ 5,000		$ (10,487,563)
Net loss per share:					
Basic and diluted	$ (0.32)				$ (0.28)
Weightd average number of shres outstanding					
Basic and diluted	32,292,650				36,900,670

MATINAS BIOPHARMA HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Matinas Historical	Aquarius Historical	Pro Forma Acquisition Adjustments	Notes	Pro Forma Combined
Grant revenues:	-	$ 124,000			$ 124,000
Operating expenses:					
Research and development	1,761,486	276,564			2,038,050
General and administrative	1,950,952	64,857			2,015,809
Total Operating expenses	3,712,438	341,421			4,053,859
Operating loss	(3,712,438)	(217,421)			(3,929,859)
Other income (expense)	(688)	(3,870)	$ 3,740	(2f)	(818)
Net loss befoe income taxes	(3,713,126)	(221,291)	3,740		(3,930,677)
Income tax expense	-	(6,930)	-		(6,930)
Net loss	$ (3,713,126)	$ (228,221)	$ 3,740		$ (3,937,607)
Net loss per share:					
Basic and diluted	$ (0.20)				$ (0.17)
Weighted average number of shares outstanding					
Basic and diluted	19,001,370				23,609,390

MATINAS BIOPHARMA HOLDINGS INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Note 1. Basis of pro forma presentation

The Unaudited Pro Forma Condensed Combined Balance Sheet combines our Consolidated Balance Sheet as of December 31, 2014 with the Consolidated Balance Sheet of Aquarius as of December 31, 2014.

The Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2014 combines our consolidated statement of operations for the year ended December 31, 2014 with the consolidated statement of operations for the year ended December 31, 2014 of Aquarius.

The Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2013 combines our consolidated statement of operations for the year ended December 31, 2013 with the consolidated statement of operations for the year ended December 31, 2013 of Aquarius.

The Unaudited Pro Forma Condensed Combined Statements of Operations do not reflect the non-recurring expenses that we expect to incur in connection with the Aquarius transaction, including fees to investment bankers, attorneys, accountants and other professional advisors, and other transaction-related costs that will not be capitalized. Additionally, the Unaudited Pro Forma Condensed Combined Statements of Operations do not reflect the effects of any anticipated cost savings and any related non-recurring costs to achieve those cost savings. The Unaudited Pro Forma Condensed Combined Statements of Operations do not purport to represent our actual results of operations that would have occurred if the acquisitions had taken place on the dates specified, nor are they necessarily indicative of the results of operations that may be achieved in the future. The Unaudited Pro Forma Condensed Combined Statements of Operations include certain reclassifications to conform the historical financial information of Aquarius to our financial presentation.

The acquisition-date fair value of the consideration transferred totaled $2,873,035 as of December 31, 2014 and consisted of the following items:

Fair value of 4,608,020 of common stock issued at a price per share of $0.46 as of January 29, 2015the closing date of the merger.	$ 2,119,689
Fair value of potential Matinas common stock as contingent consideration that will be issued upon achieving certain future clinical milestone	422,609
Fair value of potential Matinas common stock as contingent consideration that will be issued issued upon achieving certain future regulatory milestone	330,737
Total consideration	$ 2,873,035

The following summarizes the preliminary purchase price allocation, as if the Merger had been completed on December 31, 2014:

Cash	$ 66,680
Contract receivable	27,299
Prepaid expenses and other current assets	6,711
Property and equipment, net	5,051
Other assets	700
In-process research and development	3,017,377
Total identifiable assets	3,123,818
Accounts payable	148,103
Notes payable	10,000
Accrued expenses	14,939
Other current liabilities	90,328
Other liabilities	125,000
Total liabilities assumed	388,370
Net identifiable assets acquired	2,735,448
Goodwill	1,390,914
Deferred income taxes arising from basis differences of tax aspects of in-process research and development	(1,253,327)
Net assets acquired	$ 2,873,035

The above estimated fair values of assets acquired and liabilities assumed are provisional and are based on the information that was available to estimate the fair value of assets acquired and liabilities assumed. We believe that this information provides a reasonable basis for estimating the fair values but we are waiting for additional information necessary to finalize those amounts. Thus, the provisional measurements of fair value reflected are subject to change. Such changes could be significant. We expect to finalize our purchase price allocation as soon as practicable but no later than one year from the closing date of the Aquarius acquisition.

An allocation of an increased portion of the purchase price to identifiable intangible assets will reduce the amount of the purchase price allocated to goodwill in the unaudited condensed financial information.

Note 2. Pro forma adjustments

a. For the purpose of preparing the unaudited pro forma condensed combined financial information, the total purchase price is allocated to the Aquarius net tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of December 31, 2014. The fair value of the in-process research and development asset was estimated on the basis of its replacement cost as determined by a buildup of the costs incurred to develop the technology as it existed as of the acquisition date resulting in a fair value of $3,017,377. The fair value of other assets and liabilities approximate their book value.

   These provisional measurements of fair value reflected are subject to change. Such changes could be significant.

b. Represents an adjustment to goodwill to reflect the balance that would have been recorded if the acquisition occurred on December 31, 2014. The Company preliminarily allocated the purchase price to the net tangible and intangible assets based upon their estimated fair values at the Merger date. The excess of the purchase price over the estimated fair values of the net tangible and intangible assets acquired has been recorded as goodwill at December 31, 2014 including deferred tax liabilities resulting from the tax attributes of the in-process research and development (see Note 2d).

c. Reflects recognition of the estimated fair value of the contingent consideration payable with issuance of Matinas common stock upon achievement of certain future clinical and regulatory milestones, the achievement of which is uncertain. The fair value of the additional shares were established by assigning probabilities and projected dates of positive outcome for the milestones and valuing the future issuance of the shares by using the Black-Scholes options pricing model to account for the uncertainty in the future value of the shares. The value of the shares as derived using the options pricing model were then weighted based on the probability of achieving the milestones to determine the fair market value of the additional shares.

d. There are no proforma adjustments to the statement of operations for amortization and depreciation since both in-process research and development and goodwill are not amortizable and there is no difference between the book and fair value of other assets and liabilities. Based on the preliminary fair value of identifiable in-process research and development acquired, the Company recorded a net deferred tax liability of $1.2 million in the pro forma balance sheet as of December 31, 2014 using a combined federal and state statutory income tax rate of approximately 40.62%. Such deferred tax liability represents the basis difference of the in-process research and development for tax and book purposes.

e. Represents an adjustment to reflect the issuance of 4,608,229 shares of Matinas common stock with a fair value at date of closing of $2,119,689 and to eliminate Aquarius's historical stockholders' deficit. Prior to the acquisition transaction, convertible debt and related accrued interest of Aquarius was converted into shares of Aquarius common stock.

f. Represents the elimination of interest expense associated with the convertible note payable held by Aquarius that was converted into shares of Aquarius common stock prior to the Merger.

g. Through our Merger, we acquired a license from Rutgers University for the cochleate drug delivery technology. The Amended and Restated Exclusive License Agreement between Aquarius and Rutgers, The State University of New Jersey (successor in interest to the University of Medicine and Dentistry of New Jersey) provides for, among other things, a license issue fee of $25,000.

Note 3. Items not included

The unaudited pro forma condensed combined statements of operations do not include any expected cost savings or restructuring actions which may be achievable or which may occur subsequent to the Merger or the impact of any non-recurring activity and one-time transaction related costs, including Merger costs that were paid subsequent to December 31, 2014.

Exhibit 99.2

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

Aquarius Biotechnologies, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Aquarius Biotechnologies, Inc. and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

We have audited the accompanying balance sheets of Aquarius Biotechnologies, Inc. (the "Company"), Inc. as of December 31, 2014 and 2013 and the related statements of operations, changes in stockholders' deficit and cash flows for each of the years in the two-year period ended December 31, 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 audits 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. An audit also includes assessing the accounting principles used and significant estimates made by management, and 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 Aquarius Biotechnologies, Inc. and Subsidiary (the "Company") as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note [B] to the consolidated financial statements, the Company has limited liquidity and has generated net losses since inception, these conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Notes [B] and [M]. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ EISNERAMPER LLP

Iselin, New Jersey

February 5, 2015

AQUARIUS BIOTECHNOLOGIES, INC. AND SUBSIDIARY

Consolidated Balance Sheets

	December 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash	**$ 66,680**	$ 212,960
Contract receivable	**27,299**	31,000
Prepaid expenses and other assets	**6,711**	6,711
Total current assets	**100,690**	250,671
Property and equipment, net	**5,051**	6,028
In-process research and development	**207,377**	207,377
Deposits	**700**	700
Total assets	**$ 313,818**	$ 464,776
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 148,103**	$ 46,505
Notes payable	**10,000**	10,000
Accrued expenses	**14,939**	8,715
Reserve for indemnification per CPD acquisition agreement	**90,328**	90,328
Total current liabilities	**263,370**	155,548
Deferred tax liability - Long term	**27,668**	6,930
Convertible long-term debt	**100,000**	100,000
Total liabilities	**391,038**	262,478
Commitments and contingencies (Note K)		
Stockholders' equity (deficit):		
Common stock, $0.0001 par value; 5,000,000 shares authorized; 1,141,982 shares issued and outstanding	**114**	114
Stock subscriptions receivable	**(100)**	(100)
Additional paid-in capital	**431,541**	431,541
Accumulated deficit	**(508,775)**	(229,257)
Total stockholders' equity	**(77,220)**	202,298
Total liabilities and stockholders' equity	**$ 313,818**	$ 464,776

AQUARIUS BIOTECHNOLOGIES, INC. AND SUBSIDIARY

Consolidated Statements of Operations

	December 31,	
	2014	**2013**
Contract research revenue	**$ 304,673**	$ 124,000
Operating expenses:		
Research and development costs	**496,286**	276,564
General and administrative	**52,892**	64,857
Total operating expenses	**549,178**	341,421
Loss from operations	**(244,505)**	(217,421)
Other income (expense):		
Interest expense	**(5,175)**	(3,870)
Total other income (expense)	**(5,175)**	(3,870)
Net loss before income taxes	**(249,680)**	(221,291)
Income tax expense	**21,838**	6,930
Net loss	**$ (271,518)**	$ (228,221)

AQUARIUS BIOTECHNOLOGIES, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Stockholders' Equity

	Common Stock		Notes Receivable from	Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Stockholders	Capital	Deficit	Equity
Balance, December 31, 2012	1,000,000	$ 100	$ (100)	$ -	$ (1,036)	$ (1,036)
Shares of common stock issued at $1.85 per share for CPD Acquisition	100,000	10	-	184,972	-	184,982
Shares of common stock issued at $1.85 to licensee of technology pursuant to anti-dilution clause	5,263	1	-	9,735	-	9,736
Shares of common stock sold at $6.45 per share to Angel Investors	34,883	3	-	224,992	-	224,995
Shares of common stock issued at $6.45 to licensee of technology pursuant to anti-dilution clause	1,836	-	-	11,842	-	11,842
Net loss	-	-	-	-	(228,221)	(228,221)
Balance, December 31, 2013	1,141,982	114	(100)	431,541	(229,257)	202,298
Distribution to shareholder	-	-	-	-	(8,000)	(8,000)
Net loss	-	-	-	-	(271,518)	(271,518)
Balance, December 31, 2014	**1,141,982**	**$ 114**	**$ (100)**	**$ 431,541**	**$ (508,775)**	**$ (77,220)**

AQUARIUS BIOTECHNOLOGIES, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	December 31,	
	2014	**2013**
Cash flows from operating activities:		
Net loss	**$ (271,518)**	$ (228,221)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	**977**	122
Issuance of shares to licensee of technology pursuant to anti-dilution clause	**-**	21,577
Deferred income taxes	**20,738**	6,930
(Increase) decrease in:		
Increase in contracts receivable	**3,701**	**-**
Increase in prepaid expenses	**-**	(5,400)
Increase (decrease) in:		
Increase in accounts payable	**101,598**	46,505
Increase in accrued expenses	**6,224**	8,716
Net cash used in operating activities	**(138,280)**	(149,771)
Cash flows from investing activities:		
Purchase of equipment	**-**	(6,150)
Cash acquired in CPD acquisition (Note D)	**-**	34,922
Net cash provided by investing activities	**-**	28,772
Cash flows from financing activities:		
Distribution to shareholder	**(8,000)**	**-**
Proceeds from issuance of convertible notes payable	**-**	100,000
Proceeds from sale of common stock	**-**	224,995
Net cash (used in) provided by financing activities	**(8,000)**	324,995
Net increase (decrease) in cash	**(146,280)**	203,996
Cash, beginning balance	**212,960**	8,964
Cash, ending balance	**$ 66,680**	$ 212,960
Non-cash financing activities:		
Refer to Note D for non-cash activities for CPD acquisition		

Note A - The Company

Aquarius Biotechnologies, Inc. (“Aquarius” or the “Company”) is a clinical-stage biotechnology company that focuses on their revolutionary drug delivery platform called “cochleates.” When applied to existing drugs, cochleates have demonstrated the ability to create oral drug alternatives with non-inferior efficacy for drugs that are currently available and reducing the toxicity of drugs. Aquarius expects to partner with biotech and pharmaceutical companies to develop new drugs using cochleates.

The Company was incorporated on June 8, 2012 as a corporation in Delaware. On August 31, 2013, the Company acquired Coordinated Program Development LLC, a New Jersey limited liability company (“CPD”), and thereafter CPD became a wholly owned subsidiary.

Note B - Liquidity and Going Concern

The Company recorded a net loss of approximately $501,000 from inception (June 8, 2012) to December 31, 2014, and has an accumulated deficit of approximately $509,000 as of December 31, 2014. The Company generated negative cash flows from operations of approximately $138,000 and $150,000 for the years ended December 31, 2014 and 2013, respectively. The Company had raised funds through a National Institutes of Health ("NIH") grant and the sale of promissory notes and common stock.

The Company’s plans are to continue to raise additional funds via equity transactions. Further, the Company is exploring strategic options which may include the sale or merger of the Company into a larger organization - See Note M for discussion of transaction entered into subsequent to year end.

Given its current cash balance and current forecast of expenses, the Company believes it does not have sufficient working capital to fund its current planned operations and to conduct clinical trials to December 31, 2015. All of the above matters raise substantial doubt about the Company’s ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note C - Summary of Significant Accounting Policies

[1] Basis of Presentation:

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Note C - Summary of Significant Accounting Policies (continued)

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, CPD LLC, after elimination of all material intercompany accounts, transactions, and gains and losses. CPD LLC was acquired on August 31, 2013. All intercompany accounts and transactions have been eliminated in consolidation.

[2] Use of estimates:

The preparation of consolidated financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

[3] Concentration of credit risk:

The Company places its cash deposits with financial institutions. The Company was not exposed to significant credit risk at December 31, 2014 and 2013.

[4] Fair value measurement of financial instruments:

Certain of the Company's nonfinancial assets and nonfinancial liabilities may be measured at fair value on a nonrecurring basis. The Company's nonfinancial assets include property and equipment and in-process research and development. These nonfinancial assets are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment of assets.

The Company measures fair value using a hierarchy based upon the transparency of inputs used in the valuation of an asset or liability. Classification within the hierarchy is based upon the lowest level of input that is significant to the resulting fair value measurement. The valuation hierarchy contains three categories:

Level 1 — Valuation inputs are unadjusted quoted market prices in active markets for identical assets and liabilities at the measurement date.

Level 2 — Valuation inputs are either directly or indirectly observable for assets and liabilities that are traded in less active (than in Level 1) dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets and liabilities.

Note C - Summary of Significant Accounting Policies (continued)

Level 3 — Valuation inputs are based on valuation methodologies, and not based on market exchange or on dealer or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections. The valuation techniques in valuing the assets and liabilities require inputs that are both unobservable and significant to the overall fair value measurement.

Financial instruments consist of cash, accounts payable and accrued expenses and related party accounts payable. The carrying value of the cash, accounts payable, accrued expenses and related party accounts payable in the accompanying consolidated balance sheets approximates their fair values as of December 31, 2014 and 2013, because of the relatively short maturity of these items. The fair value of the convertible debt was estimated based upon terms of similar debt instruments for early stage companies.

[5] Research and development costs:

Research and development is expensed as incurred. Research and development costs consist of cost of outsourced services, patent maintenance costs, licensing fees, cost of materials used in research and development and clinical trials, outside testing and clinical trial management services, and personnel costs. Upfront and milestone payments due to third parties in connection with research and development collaborations prior to regulatory approval are expensed as incurred. Nonrefundable 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.

[6] Cash and cash equivalents:

For purposes of the statement of cash flows, the Company considers all highly liquid investments with remaining maturities of three months or less to be cash equivalents. There was no cash equivalents at December 31, 2014 or 2013.

[7] Contracts receivable:

The Company’s subsidiary has received a contract from the NIH for the development of cochleates formulations. The contract receivable represents amounts due from the NIH based upon performance of specified tasks under the contract.

Note C - Summary of Significant Accounting Policies (continued)

[8] Property and equipment:

Property and equipment are stated at cost. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining term of the lease or the useful life of the improvement. Upon sale or retirement of the assets, the costs of the assets and their related accumulated depreciation are removed from the accounts, and the resultant gain or loss, if any, is included in income.

[9] Impairment of long-lived assets:

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset with the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying value of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During 2014 and 2013, the Company recorded no impairments.

[10] Revenue recognition:

The Company recognizes revenue from the NIH contract when the specified performance milestone is achieved. The milestones are analyzed and approved on a monthly basis through progress reports submitted by the Company.

[11] Intangible asset:

The intangible asset defined as in-process research and development is the estimated fair value of the acquired technology arising from the CPD acquisition (See Note E), namely the development of oral aminoglycoside-cochleate formulations. This asset is not amortized until the commercialization process begins. However, this asset is subject to a review for possible impairment. Management does not believe an impairment has occurred through December 31, 2014.

[12] Income taxes:

The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740, Income Taxes). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Note C - Summary of Significant Accounting Policies (continued)

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment. The Company is subject to U.S. federal, state and local income tax examinations for 2012 and 2013. The Company recognizes interest and penalties on income taxes as a component of income tax expense.

[13] Recent accounting pronouncements:

In June 2014, the FASB issued ASU 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810 Consolidation", which eliminated the definition of a Development Stage Entity and the related reporting requirements. ASU 2014-10 is effective for annual reporting periods beginning after December 15, 2014, with early adoption allowed. The Company chose to adopt ASU 2014-10 early, effective in its consolidated financial statements for the years ended to December 31, 2014 and 2013.

In August 2014, the FASB issued ASU 2014-15, "*Presentation of Financial Statements-Going Concern (ASC Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15")*. ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Specifically, ASU 2014-15 provides a definition of the term substantial doubt and requires assessment for a period of one year after the date that the financial statements are issued (or available to be issued). It also requires certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans and requires an express statement and other disclosures when substantial doubt is not alleviated. The new standard will be effective for reporting periods beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2014-15 on its financial statements and disclosures, but does not expect the adoption thereof to have a material impact.

Note C - Summary of Significant Accounting Policies (continued)

[14] Subsequent events:

The Company has evaluated subsequent events through February 5, 2015, the date on which these consolidated financial statements were available to be issued. Refer to Note M regarding subsequent events.

Note D - Property and Equipment

Property and equipment consisted of the following at December 31:

	2014	2013
Office equipment	**$ 4,250**	$ 4,250
Leasehold improvements	**1,900**	1,900
Less accumulated depreciation/amortization	**(1,099)**	(122)
	$ 5,051	$ 6,028

Depreciation expense was $977 and $122 for the years ended December 31, 2014 and 2013.

Note E - Acquisition of CPD

On August 31, 2013, the Company acquired 100% of the outstanding membership interest of Coordinated Program Development LLC ("CPD"). The acquisition met the definition of a business acquisition. CPD is a development stage research company which develops cochleate formulations for oral delivery of medications. As a result of the acquisition, the Company can develop cochleate formulations under their exclusive license agreement to use certain cochleate technology.

The total consideration of the acquisition was 100,000 shares of common stock of the Company valued at $184,982 and the reserve for indemnification of $90,328. The fair value of the common stock of the Company was determined on the basis of its replacement cost as determined by a buildup of the costs incurred to develop the technology as it existed as of the Closing Date, less a 30% discount.

Note E - Acquisition of CPD (continued)

The following table summarizes the consideration paid for the membership interest in CPD and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date, as follows:

Fair Value of Consideration Transferred

Common stock (100,000 shares)	$	184,982
Reserve for indemnification		90,328
Total	$	275,310

Fair Value of Identifiable Assets Acquired

Cash	$	34,922
Accounts receivable		31,000
Refundable payroll taxes		1,311
Identifiable intangible assets		207,377
Other asset		700
Total identifiable net assets	$	275,310

The Company agreed to indemnify the seller of CPD to the extent the income tax of the seller on the gain exceeds $3,000. The agreement does not indicate whether the amount paid under the indemnification agreement must be grossed-up related to the income tax related to receipt of the indemnification proceeds, however the Company plans to include a tax gross-up related to the indemnification payment. The potential undiscounted amount of all future payments the Company could be required to make is approximately $90,000.

The fair value of the reserve for indemnification is a Level 3 fair value measurement. There has been no change in the fair value for this reserve from August 31, 2013 through December 31, 2014.

Note F - Convertible Notes Payable

On March 23, 2013, the Company issued a convertible note to a stockholder for $100,000. All unpaid principal, together with accrued interest, for the note outstanding, is due and payable after March 23, 2016. The note bears interest at a rate of 5% per annum. Interest accrued on this note in 2014 and 2013 was $5,000 and $3,740, respectively.

Upon a qualified financing that yielded gross proceeds of no less the $1,000,000 or a sale of the Company, the note will automatically convert into shares of equity securities at a price equal to the applicable discount rate of 80% multiplied by the price per share paid for such equities. The note holder also has optional conversion rights in the event of other financing events. Such feature is considered a contingent beneficial conversion feature, which would only be recognized if such an event occurs.

At December 31, 2014 and 2013, the debt is summarized as follows:

	2014	2013
Face amount of debt outstanding	**$ 100,000**	$ 100,000

Refer to Note M for subsequent conversion on January 29, 2015.

Note G - Note Payable

The Company issued a note for a loan that was made by a related party of $10,000. Interest on note is calculated using the applicable federal rate (AFR) for mid-term loans. Interest accrued on this note in 2014 and 2013 was $175 and $130, respectively. Since the note has no specified repayment terms, it is considered a current liability.

Note H - Equity

The Company is authorized to issue 5,000,000 shares of common stock with a par value of $0.0001 per share.

In 2013, the founders of the Company, owning an aggregate of 950,000 shares of common stock entered into agreements which specified certain voting and other rights, and provided the founders with certain share repurchase options, but not an obligation, in the event a founder terminates their relationship with the Company.

In 2013, the Company sold 34,883 shares of common stock to Angel Investors at $6.45 per share.

In connection with the license agreement entered into with UMDNJ (Note I), the Company initially issued 50,000 shares of common stock to the university as partial consideration for the transaction. The Company also agreed to issue to UMDNJ additional shares of common stock to maintain their 5% fully diluted ownership until the Company has raised at least $7.5 million or the Company has a valuation in excess of $30 million. Pursuant to this agreement, the Company issued 1,836 and 5,263 shares to UMDNJ upon the issuance of shares to the Angel Investors and CPD investors. The fair value of such shares of $11,842 and $9,735, respectively, were recorded as additional research and development expense. This anti-dilution clause ceased upon the merger transaction described in Note M.

Note I - License

The Company entered into a license agreement with the University of Medicine and Dentistry of New Jersey ("UMDNJ") for the use of certain technology. As consideration for the license the Company provided UMDNJ with (1) an equity interest in the Company (see note H), (2) royalties on a tiered basis between the low single digits and the low double digits of net sales of products using such licensed technology, (3) an annual license fee between $0 and $25,000, (4) sales based milestone payments. During the years ended December 31, 2014 and 2013, the Company paid UMDNJ only the annual license fees, as there were no commercial sales involving the technology. The Company also agreed to assume the responsibility to pay required patent maintenance fees covering the technology.

Unless otherwise terminated by either party, the term of the license shall be the longer of 7-1/2 years or the expiration of the last patent pursuant to license

Note J - Income Taxes

The Company accounts for income taxes in accordance with ASC 740 (Topic 740, Income Taxes). ASC 740 is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected tax consequences or events that have been recognized in the Company's financial statements. This interpretation prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken, or expected to be taken in a tax return that have been recorded in the Company's consolidated financial statements for fiscal years 2014 and 2013.

The Company has had a tax loss in each period since inception. The income tax provisions consist of the certain state minimum income tax expense and the amortization of the “naked credit” described below. The “naked tax credits” are derived from the deferred tax liabilities that pertain to capitalized intangible assets that have an indefinite life. When the deferred tax liability is recorded the offset is an increase to goodwill. Accordingly, the deferred tax liabilities cannot be offset with a valuation allowance. Changes in the deferred tax liability will be recorded as an income tax benefit or expense on the accompanying consolidated statements of operations.

The components of the Company’s deferred tax assets and liabilities as of December 31, 2014 and 2013 are as follows:

	2014	2013
Deferred tax assets:		
Net operating loss carryforwards	**$ 154,664**	$ 84,507
Timing differences	**49,950**	5,397
Total deferred tax assets	**204,614**	89,904
Deferred tax liabilities:		
Acquired in-process R&D	**38,721**	9,692
Depreciation	**498**	395
Total deferred tax liabilities	**39,219**	10,087
Valuation allowance	**(193,063)**	(86,747)
Net deferred tax liability	**$ 27,668**	$ 6,930

At December 31, 2014, the Company had net operating loss carry forwards of approximately $360,000 which may be offset against future taxable income through 2034. Deferred tax assets, resulting principally from the net operating loss carryforwards, amounted to approximately $205,000 and $90,000 at December 31, 2014 and 2013, respectively. The deferred tax assets have been fully offset by a valuation allowance due to the uncertainty of future utilization.

The Internal Revenue Code ("IRC") limits the amounts of NOL carryforwards that a company may use in any one year in the event of certain cumulative changes in ownership over a three-year period as described in Section 382 of the IRC. We have not performed a detailed analysis to determine whether an ownership change has occurred. Such a change in ownership could limit the Company's utilization of the NOL, and could be triggered by subsequent sales of securities by us or our stockholders. The deferred tax asset related to the NOL reflected on the consolidated financial statements could be affected by this limitation.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion 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 those temporary differences become deductible. As there is no assurance of future taxable income, a valuation allowance has been established to offset the deferred tax assets related to all items except for the items that give rise to a “naked credit” at December 31, 2014. The valuation allowance increased $87,000 and $106,000 during the years ended December 31, 2013 and 2014, respectively.

Note K - Leases

CPD has a lease agreement for lab and office space located in Bridgewater, New Jersey. The leases are on a month-to-month basis with a monthly base rent of approximately $1,800. The rental expense under the lease agreement was approximately $21,600 and $5,400 for the years ended December 31, 2014 and 2013, respectively.

Note L - Related Party Transactions

See Notes F and G with respect to promissory notes issued to related parties.

The Company in connection with the intended acquisition (Note M) received a reimbursement from Matinas Biopharma Holdings, Inc. in the amount of approximately $15,000 in December 2014 to be used to pay for legal services in negotiations with the license agreement prior to the closing of the acquisition. This reimbursement is included as a reduction in the research and development costs within the consolidated statements of operations.

Note M - Subsequent Events

On January 29, 2015, the Company entered into an Agreement and Plan of Merger with Matinas Biopharma Holdings, Inc. ("Matinas"). Within the agreement, the Company would become a wholly owned subsidiary of Matinas Biopharma Holdings, Inc. The total consideration received through the Agreement and Plan Merger is to be paid in 3 milestones. At closing, the shareholders of the Company received 4,608,020 shares in Matinas Common stock, which is subject to adjustments after the closing under the terms of the agreement up to 5,000,000 shares of Matinas Common stock. In addition, the Company's shareholders have the ability to receive an additional 3.000,000 shares of Matinas Common stock through achievement of certain milestones (i) 1,500,000 shares issuable upon the dosing of the first patient in phase III trial sponsored by the Company for a product utilizing Aquarius' proprietary drug cochleate technology and (ii) 1,500,000 shares issuable upon FDA approval of the first NDA submitted by the Company for product utilizing Aquarius' proprietary drug cochleate technology.

On January 29, 2015, immediately prior to Merger Agreement the aggregate outstanding principal amount of $100,000 and all interest accrued in a Convertible Promissory Note with the Chief Executive Officer was converted to 21,100 shares of the Company's Common Stock effective immediately prior to the closing. Upon the Note Conversion, the Note was fully satisfied, extinguished and discharged.

On January 29, 2015, the Company entered into an Amended and Restated Exclusive License Agreement with Rutgers, The State University of New Jersey (successor in interest to the University of Medicine and Dentistry of New Jersey). As consideration for the license the Company provided Rutgers with (1) a license issue fee of $25,000, (2) an increased equity interest in the Company from 5% to 7.5% (see Note I), (3) royalties on a tiered basis between the low single digits and the mid single digits of net sales of products using such licensed technology, (4) a onetime sales milestone fee of $100,000 when and if sales of products using the licensed technology reach the specified sales threshold and (5) an annual license fee between $10,000 and $50,000. The Company also agreed to assume the responsibility to pay required patent prosecution and maintenance fees covering the technology.

Unless otherwise terminated by either party, the term of the license, on a country by country basis, shall be the longest of 7-1/2 years from the date of first commercial sale of a product in a country using the licensed technology or until the expiration of the last-to-expire patent rights licensed under the agreement, whichever is longer.