

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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): July 11, 2014

ASSEMBLY BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

Delaware

001-35005

20-8729264

(State or other jurisdiction of incorporation)

(Commission File
Number)

(IRS Employer ID Number)

99 Hudson Street, 5th Floor, New York, New York

10013

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (646) 706-5208

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))

Explanatory Note

This Amendment No. 1 is being filed to furnish unaudited financial statements and pro forma financial information as required by Article 8-04 and Article 8-05 of Regulation S-X in connection with the transaction described in Item 2.01 of this Current Report on Form 8-K, originally filed on July 14, 2014.

Item 9.01. Financial Statements and Exhibits.

Exhibit	Description
3.1*	Certificate of Amendment to Third Amended and Restated Certificate of Incorporation of Ventrus Biosciences, Inc.
10.23*	Amendment dated July 11, 2014, to Employment Agreement, effective as of December 22, 2013 between Ventrus Biosciences, Inc. and Russell H. Ellison.
10.24*	Employment Agreement, dated July 11, 2014, between Ventrus Biosciences, Inc. and Derek A. Small.
10.25*	Employment Agreement, dated July 11, 2014, between Ventrus Biosciences, Inc. and Uri A. Lopatin.
10.26*	Employment Agreement, dated July 11, 2014, between Ventrus Biosciences, Inc. and Lee D. Arnold.
10.27*	Assembly Biosciences, Inc. 2014 Stock Incentive Plan (incorporated by reference to Appendix D to the definitive proxy statement on Schedule 14A filed on June 9, 2014).
23.1*	Consent of EisnerAmper LLP.
99.1*	Audited balance sheet of Assembly Pharmaceuticals, Inc. as of December 31, 2013, and the related statements of operations, stockholders' deficit and cash flows for the year ended December 31, 2013 and for the cumulative period from September 18, 2012 (inception) to December 31, 2013 (incorporated by reference to Appendix A to the definitive proxy statement on Schedule 14A filed on June 9, 2014).
99.2*	Press release dated July 14, 2014.
99.3	Unaudited condensed balance sheet of Assembly Pharmaceuticals, Inc. as of June 30, 2014, and the related condensed statements of operations and cash flows for the six months ended June 30, 2014.
99.4	Unaudited pro forma condensed combined balance sheet of Assembly Biosciences, Inc. and Assembly Pharmaceuticals, Inc. as of June 30, 2014, and the unaudited pro forma statements of operations for six months ended June 30, 2014 and the year ended December 31, 2013.

* Previously filed.

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.

ASSEMBLY BIOSCIENCES, INC.

Date: September 17, 2014

/s/ David J. Barrett

David J. Barrett, Chief Financial Officer

ASSEMBLY PHARMACEUTICALS, INC.

**CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)**

ASSEMBLY PHARMACEUTICALS, INC.

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ASSEMBLY PHARMACEUTICALS, INC.

Condensed Balance Sheets

	<u>June 30,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
	<u>(unaudited)</u>	
ASSETS		
Current assets		
Cash	\$ 509,363	\$ 824,866
Prepaid expenses	24,290	17,517
Total current assets	533,653	842,383
Property, plant and equipment, net	10,350	11,500
Security deposit	16,606	16,606
Total assets	\$ 560,609	\$ 870,489
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 333,168	\$ 223,465
Accrued expenses (includes payables to Assembly Biosciences, Inc. of \$259,921 at June 30, 2014 and \$0 at December 31, 2013)	555,865	51,261
Total current liabilities	889,033	274,726
Convertible notes payable	1,950,000	1,490,000
Contingent license fee payable	99,214	95,000
Total liabilities	2,938,247	1,859,726
Stockholders' deficit		
Common stock (\$0.00001 par value; 15,000,000 shares authorized; 10,500,000 shares and 10,000,000 shares issued, and outstanding at June 30, 2014 and December 31, 2013, respectively)	105	100
Additional paid-in capital	1,842,007	-
Accumulated deficit	(4,219,750)	(989,337)
Total stockholders' deficit	(2,377,638)	(989,237)
Total liabilities and stockholders' deficit	\$ 560,609	\$ 870,489

See accompanying notes to unaudited condensed financial statements

ASSEMBLY PHARMACEUTICALS, INC.

Condensed Statements of Operations (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Operating expenses:				
General and administrative	984,784	20,465	1,034,779	41,860
Research and development	1,153,402	105,940	1,529,173	172,944
Total operating costs and expenses	2,138,186	126,405	2,563,952	214,804
Loss from operations	(2,138,186)	(126,405)	(2,563,952)	(214,804)
Other expenses:				
Interest expense	(629,379)	-	(666,461)	-
Net loss	\$ (2,767,565)	\$ (126,405)	\$ (3,230,413)	\$ (214,804)

See accompanying notes to unaudited condensed financial statements

ASSEMBLY PHARMACEUTICALS, INC.

Condensed Statements of Cash Flows (Unaudited)

	Six Months Ended June 30,	
	2014	2013
Cash flows from operating activities		
Net loss	\$ (3,230,413)	\$ (214,804)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,150	-
Beneficial conversion charge	587,000	-
Stock-based compensation	1,254,967	-
Issuance of common stock for research and development	5	-
Changes in assets and liabilities:		
Prepaid expenses	(6,773)	(4,995)
Security deposits	-	-
Accounts payable and accrued expenses	614,307	219,799
Contingent license fee payable	4,214	-
Net cash provided used in operating activities	<u>(775,543)</u>	<u>-</u>
Cash flows from investing activities		
	-	-
Cash flows from financing activities		
Proceeds from issuance of convertible note payable	460,000	-
Proceeds from issuance of restricted stock units for stock-based compensation	40	-
Net cash provided by financing activities	<u>460,040</u>	<u>-</u>
Net decrease in cash	(315,503)	-
Cash at the beginning of the period	<u>824,866</u>	<u>-</u>
Cash at the end of the period	<u>\$ 509,363</u>	<u>\$ -</u>

See accompanying notes to unaudited condensed financial statements

ASSEMBLY PHARMACEUTICALS, INC.

Notes to the Condensed Financial Statements
(Unaudited)

Note 1 - Organization, Business and Basis of Presentation

Organization and Business

Assembly Pharmaceuticals, Inc. (the "Company" or "Assembly Pharmaceuticals,") was incorporated in Delaware on September 18, 2012 and maintains its operations in San Francisco, California and Bloomington, Indiana.

Assembly Pharmaceuticals is a privately-held biopharmaceutical company. The Company has first and second generation pharmaceutical programs focusing on Hepatitis B Viral (HBV) Core Protein Allosteric Modulators (CpAMs).

On July 11, 2014, Assembly Pharmaceuticals, Inc. completed the merger with Assembly Biosciences, Inc. ("ASMB") (formerly Ventrus Biosciences, Inc.) (the "Merger"). The Merger was effected pursuant to the previously announced Agreement and Plan of Merger and Reorganization executed on May 16, 2014, whereby Assembly Pharmaceuticals, Inc. merged with ASMB's wholly-owned subsidiary, with Assembly Pharmaceuticals, Inc. continuing in existence as the surviving corporation.

Pursuant to the terms of the Merger, the shares of Assembly Pharmaceuticals common stock immediately prior to the effective time of the Merger (the "Effective Time"), were exchanged for an aggregate of 20,044,243 shares of ASMB's common stock. Also pursuant to the terms of the Merger agreement, the options to purchase shares of Assembly Pharmaceuticals common stock outstanding immediately prior to the Effective Time were assumed by ASMB and became exercisable for an aggregate of 3,108,257 shares of ASMB's common stock.

Basis of Presentation

The accompanying condensed balance sheet as of December 31, 2013, which has been derived from the Company's audited financial statements, and the unaudited interim condensed financial statements, have been prepared in accordance with U.S. generally accepted accounting principles. Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information presented not misleading. The unaudited interim condensed financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the periods presented. All such adjustments are of a normal and recurring nature. These unaudited condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's audited financial statements for the year ended December 31, 2013. The operating results presented in these unaudited condensed financial statements are not necessarily indicative of the results that may be expected for any future periods.

Capital Resources

The Company has not yet generated any revenue from the sale of products and, through June 30, 2014, its efforts have been principally devoted to developing its licensed technologies, recruiting personnel, establishing office facilities, and raising capital.

On July 11, 2014, the Company merged with ASMB who currently has the funds to enable the Company to continue with its research and development activities for at least the next twelve months.

ASSEMBLY PHARMACEUTICALS, INC.

Notes to the Condensed Financial Statements
(Unaudited)

Note 2 - Summary of Significant Accounting Policies

Recently Issued Accounting Standards

In June 2014, the FASB issued Accounting Standard Update No. 2014-10, Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. The amendments in this update remove the definition of a development stage entity from the Master Glossary of the Accounting Standards Codification, thereby removing the financial reporting distinction between development stage entities and other reporting entities from U.S. GAAP. In addition, the amendments eliminate the requirements for development stage entities to (1) present inception-to-date information in the statements of income, cash flows and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. A public entity is required to apply the amendments for annual reporting periods beginning after December 15, 2014, and interim periods therein. An entity should apply the amendments retrospectively for all comparative periods presented. Early adoption is permitted. The guidance became effective for the Company in the second quarter 2014. Adoption of this standard did not have a material impact on the Company's financial position, results of operations, or cash flows.

Concentrations of Credit Risk

The Company, at times, maintains cash in accounts with a financial institution in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company monitors the financial stability of this institution regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts.

Use of Estimates

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

Fair Value of Financial Instruments

The carrying values reported in the Company's balance sheets for cash, accounts payable, and accrued expenses are reasonable estimates of their fair values due to the short-term nature of these items.

Research and Development

Research and development ("R&D") costs are expensed when incurred. These costs include, among other things, consulting fees and costs reimbursed to third parties under license and research agreements described in Note 3, License Agreement. In addition, the Company charges various indirect costs of administering R&D activities to R&D expense, such as consultant fees, employee-related expenses supporting pre-clinical and clinical drug development activities, depreciation, and non-capitalized laboratory equipment and supplies.

Stock-based Compensation

Stock Options - On March 8, 2014, the Company implemented a stock-based compensation plan that covers the Company's employees and various consultants. Stock-based compensation cost is estimated at the measurement date based on the fair value of the award, and the cost is recognized as expense ratably over the service period for each separately vesting portion of the award as if the award was, in substance, multiple awards.

ASSEMBLY PHARMACEUTICALS, INC.

Notes to the Condensed Financial Statements
(Unaudited)

The fair value of stock options granted was determined on the grant date using assumptions for risk free interest rate, the expected term, expected volatility, and expected dividend yield. The risk free interest rate is based on U.S. Treasury zero-coupon yield curve over the expected term of the option. The expected term assumption is determined using the weighted average midpoint between vest and expiration for all individuals within the grant. The expected volatility assumption is based on the Healthcare studies for smaller capitalized companies.

The Company's model includes a zero dividend yield assumption, as the Company has not historically paid nor does it anticipate paying dividends on its common stock. The Company's model does not include a discount for post-vesting restrictions, as the Company has not issued awards with such restrictions.

Restricted Stock Units - The Company measures its compensation cost for all restricted (non-vested) stock unit awards at fair value on the date of grant and recognizes the compensation expense over the requisite service period. Expenses associated with such grants are generally recognized on a graded-vesting basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards, net of estimated forfeitures, if any.

Income Taxes

The Company accounts for income taxes under the asset and liability method whereby deferred income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established if it is more likely than not that all, or some portion, of deferred income tax assets will not be realized. The Company has recorded a full valuation allowance to reduce its net deferred income tax assets to zero. In the event the Company were to determine that it would be able to realize some or all of its deferred income tax assets in the future, an adjustment to the deferred income tax asset would increase income in the period such determination was made.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained upon an examination. Any recognized income tax positions would be measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement would be reflected in the period in which the change in judgment occurs. The Company would recognize any corresponding interest and penalties associated with its income tax positions in income tax expense. There were no income tax related interest or penalties incurred in 2013 or 2012. Tax years for federal and state going back to 2012 remain open for examination.

Note 3 - License Agreement

On September 3, 2013 (the "Effective date"), the Company entered into a license agreement (the "IURTC License Agreement") with Indiana University Research and Technology Corporation ("IURTC") to acquire the rights to develop and commercialize products associated with patents held by IURTC. Pursuant to the IURTC License Agreement, the Company is obligated to make milestone payments based upon the successful accomplishment of clinical and regulatory milestones. The total amount of all potential future milestone payments at June 30, 2014 is \$825,000. Under the IURTC License Agreement, the Company is also obligated to pay IURTC royalty payments based on net sales of the licensed technology ranging from 0.5% to 1.75%, as defined. As of June 30, 2014, none of criteria for the aforementioned milestones were met.

ASSEMBLY PHARMACEUTICALS, INC.

Notes to the Condensed Financial Statements
(Unaudited)

The IURTC License Agreement also requires the Company to transfer five percent, (subject to anti-dilution rights) of the outstanding equity of the Company as of the Effective date to IURTC. During May 2014, the Company issued 500,000 shares of common stock to IURTC representing the five percent. Since the Company had not yet commenced significant operations as of the Effective date, the common stock was recorded at a nominal amount. As the rights acquired under the license pertained to particular research and development projects which had no future alternative use, the estimated fair value of the license has been expensed and is included in research and development on the accompanying statements of operations.

In addition, the IURTC License Agreement requires an annual diligence maintenance fee as follows:

2014	\$	25,000
2015	\$	50,000
2016 through the year in which first commercial sale occurs	\$	75,000
Year following first commercial sale and all subsequent years	\$	100,000

The Company recorded a contingent license fee payable of \$99,214 representing the net present value, adjusted for probability of occurrence of the future milestone payments and annual diligence maintenance fees as of June 30, 2014. The discount is being accreted over the expected term of the payments, recorded as interest expense.

Note 4 – Convertible Notes

As of June 30, 2014, the Company has raised \$1,950,000 including \$460,000 during 2014, through the issuance of 10% convertible notes (the “Notes”). The Notes had an original maturity date of August 2, 2016 which was amended to January 31, 2018. The Notes and accrued but unpaid interest automatically convert upon the Company completing an equity financing of at least \$2,000,000 into the same kind of equity security issued with the financing, at a conversion price equal to 90% of the per share purchase price of the equity security. In addition, the Notes are convertible, at any time into shares of common stock of the Company at the option of the holder at the fair market value at the time of conversion. Effective May 12, 2014, the Notes were amended and the conversion rate for the aforementioned conversion feature was set at a fixed value of the Company at the date of this amendment divided by the number of shares outstanding at the date of conversion, and also requires conversion of all the Notes simultaneously. This resulted in a beneficial conversion charge being recorded (included in interest expense) of \$587,000 during the quarter ended June 30, 2014. As of June 30, 2014, the accrued but unpaid interest on the Notes was \$113,364. In connection with the merger with ASMB in July 2014, the Notes and interest was converted into 552,995 shares of ASMB’s common stock (included in the 4,008,833 common shares ASMB issued in connection with the Merger).

Note 5 – Stockholders’ Equity

Stock Options

2014 Stock Option and Grant Plan

On March 10, 2014, the Company approved the adoption of a compensation program pursuant to and subject to the available number of shares reserved under the Assembly Pharmaceuticals, Inc. 2014 Stock Option and Grant Plan (the “2014 Plan”).

ASSEMBLY PHARMACEUTICALS, INC.

Notes to the Condensed Financial Statements
(Unaudited)

On May 16, 2014 the Company issued non-qualified options with a term of ten (10) years and an exercise price of \$0.689 to the individuals below for the number of shares of Common Stock set forth opposite their respective names:

- Derek Small – 1,500,000 shares, vesting in thirty-six (36) equal monthly installments beginning on the date one month after the Vesting Commencement Date such that all Shares will be fully vested on the date three (3) years after the Vesting Commencement Date so long as the recipient continues to have a Service Relationship with the Company at such time, and
- Lee Arnold – 500,000 shares, vesting in thirty-six (36) equal monthly installments beginning on the date one month after the Vesting Commencement Date such that all Shares will be fully vested on the date three (3) years after the Vesting Commencement Date so long as the recipient continues to have a Service Relationship with the Company at such time.

The grant date fair value of stock options granted during the six months ended of June 30, 2014 was \$2,865,000. The fair value of the Company’s common stock was based on the previous day’s closing price of ASMB’s common stock and adjusted for the exchange ratio. The Company does not expect to pay dividends in the foreseeable future so therefore the dividend yield is 0%. The expected term for stock options granted with service conditions represents the average period the stock options are expected to remain outstanding and is based on the expected term calculated using the approach prescribed by the Securities and Exchange Commission’s Staff Accounting Bulletin No. 110 for “plain vanilla” options. The Company obtained the risk free interest rate from publicly available data published by the Federal Reserve. The volatility rate was computed based on a comparison of average volatility rates of similar companies. The fair value of options granted in 2014 was estimated using the following assumptions:

	For the Six Months Ended June 30, 2014
Exercise price	\$0.689
Expected stock price volatility	103.79%-112.32%
Risk-free rate	1.55%-2.05%
Expected term (years)	5.0-6.3

A summary of option activity under the Company’s employee stock option plan for the six months ended June 30, 2014 is presented below:

	Number of Shares	Weighted Average Exercise Price	Total Intrinsic Value	Weighted Average Remaining Contractual Life (years)
Outstanding as of December 31, 2013	-	\$ -	\$ -	-
Employee options granted	2,000,000	0.69		9.9
Outstanding as of June 30, 2014	2,000,000	\$ 0.69	\$ 2,702,000	9.9
Options vested and expected to vest	2,000,000	\$ 0.69	\$ 2,702,000	9.9
Options vested and exercisable	388,888	\$ 0.69	\$ 525,388	9.9

ASSEMBLY PHARMACEUTICALS, INC.

Notes to the Condensed Financial Statements
(Unaudited)

Stock-based compensation associated with the amortization of stock option expense was approximately \$893,859 and zero for the six months ended June 30, 2014 and June 30, 2013, respectively. Unamortized compensation cost for these awards amounted to \$1,971,141 at June 30, 2014.

Restricted Stock Units

On April 1, 2014, the Company granted 400,000 restricted stock unit awards, \$0.0001 per share purchase price, to various consultants and employees. The fair value of each unit on the date of grant was \$1.97. 25 percent of this grant was fully vested upon issuance. The remaining 75 percent of the grant vests in 36 equal monthly installments or a change in control of the Company, subject to continued employment with the Company. The fair value of restricted stock units is calculated based on the number of restricted stock units granted and the fair value of the Company's stock on the measurement date, which is the date of grant for employees. The Company received aggregate proceeds of \$40 in connection with these restricted stock units.

A summary of the restricted stock unit activity for the six months ended June 30, 2014 is as follows:

	Number of Units	Weighted Average Grant Day Fair Value
Non-vested at Decemeber 31, 2013	-	\$ -
Granted	400,000	1.97
Vested	(116,663)	1.97
Non-vested at June 30, 2014	283,337	\$ 1.97

Stock-based Compensation

Stock-based compensation for the six months ended June 30, 2014 and 2013 was comprised of the following:

	For the Six Months Ended June 30,	
	2014	2013
Employee restricted stock unit awards	\$ 117,122	\$ -
Employee stock option awards	893,859	-
Non-employee restricted stock unit awards	243,986	-
Non-employee option awards	-	-
Total compensation expense	\$ 1,254,967	\$ -

On the date of the Merger with ASMB, all unvested restricted stock units vested and all units were exchanged for 124,326 shares of ASMB common stock.

Note 6 – Related Party Transactions

During the three-month period ended June 30, 2014, ASMB advanced the Company an aggregated of \$259,921 in cash to meet its operating requirements. The payable to ASMB is included in Accrued Expenses at June 30, 2014.

ASSEMBLY PHARMACEUTICALS, INC.

Notes to the Condensed Financial Statements

(Unaudited)

Note 7 – Subsequent Events

On July 11, 2014, the Company completed the Merger with ASMB. The Merger was effected pursuant to the previously announced Agreement and Plan of Merger and Reorganization executed on May 16, 2014, whereby the Company merged with the ASMB's wholly-owned subsidiary, with the Company continuing in existence as the surviving corporation.

Pursuant to the terms of the Merger agreement, the shares of the Company common stock issued and outstanding immediately prior to the Merger were exchanged for an aggregate of 4,008,833 shares of ASMB's common stock. Also pursuant to the terms of the Merger, the options to purchase shares of the Company's common stock issued and outstanding immediately prior to the Merger were assumed by ASMB and became exercisable for an aggregate of 621,650 shares of ASMB common stock.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The accompanying unaudited pro forma condensed combined financial statements reflect the combined financial position of Assembly Biosciences, Inc. ("ASMB") and Assembly Pharmaceuticals, Inc. ("Assembly") as of June 30, 2014, and the results of their unaudited condensed combined operations for the six-months ended June 30, 2014 and the year ended December 31, 2013 after giving effect to the acquisition of Assembly, as more fully described below. The unaudited pro forma condensed combined balance sheet is based on the historical unaudited balance sheet of ASMB and gives effect to the acquisition of Assembly as if it had occurred on June 30, 2014. The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2014 and for the year ended December 31, 2013 gives effect to the acquisition as if it had occurred on January 1, 2014 and January 1, 2013, respectively.

The pro forma adjustments reflecting the consummation of the acquisition are based upon the purchase method of accounting and upon the assumptions set forth in the disclosures hereto. The acquisition closed on July 11, 2014, and 12,897,418 issued and outstanding shares of Assembly's common stock were exchanged for 4,008,833 shares of ASMB's Common Stock and issued and outstanding options to purchase 2,000,000 shares of Assembly's common stock were assumed and became options to purchase 621,650 shares of ASMB's Common Stock (the "Share Exchange"), after adjustment for a 1-for-5 reverse stock split that was effected immediately after the Share Exchange.

ASMB is the acquirer and the transaction is accounted for in the financial statements of ASMB under the accounting rules for business combinations. Accordingly, the accompanying unaudited pro forma condensed combined financial statements reflect Assembly's assets and liabilities at their estimated fair values.

The unaudited pro forma condensed combined financial statements were prepared in accordance with the regulations of the SEC. The pro forma adjustments reflecting the completion of the Share Exchange are based upon the acquisition method of accounting in accordance with GAAP and upon the assumptions set forth in the notes to the unaudited pro forma condensed combined financial statements.

The historical financial data has been adjusted to give pro forma effect to events that are (i) directly attributable to the Share Exchange; (ii) factually supportable, and (iii) with respect to the statements of operations, expected to have a continuing impact on the combined results. The pro forma adjustments are preliminary and based on management's estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the Share Exchange and certain other adjustments.

The pro forma adjustments do not reflect any operating efficiencies and cost savings that may be achievable with respect to the combined companies.

The following information has been prepared for illustrative purposes only and is not necessarily indicative of the financial position or operating results that would have occurred had the Share Exchange been consummated on the dates, or at the beginning of the periods for which the consummation of the transaction is being given effect. For purposes of these pro forma financial statements, the value of ASMB's common shares was calculated based on the closing price of ASMB's common stock on June 30, 2014 and adjusted for the 1-for-5 reverse stock split. A final determination of the required purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values, has not yet been made. Accordingly, the purchase accounting adjustments made in the pro forma condensed combined financial information have been made solely for purposes of developing such pro forma condensed combined financial information. ASMB will undertake a study to determine the fair value of certain of Assembly's assets and will make appropriate purchase accounting adjustments upon completion of that study. The actual financial position and results of operations will differ, perhaps significantly, from the pro forma amounts reflected herein because of a variety of factors, including access to additional information and changes in the financial conditions and in operating results between the dates of the pro forma financial information data and the July 11, 2014 closing date.

The Share Exchange is intended to qualify as a tax free exchange under Section 368(a)(1)(B) of the U.S. Internal Revenue Code of 1986, as amended.

The unaudited pro forma condensed combined financial statements including notes hereto, are qualified in their entirety by reference to and should be read in conjunction with the historical financial statements of ASMB included in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, the Annual Report on Form 10-K for the year ended December 31, 2013 and the interim financial statements of Assembly for the quarter ended June 30, 2014 included in this Form 8-K/A and the audited financial statements for the year ended December 31, 2013 included in ASMB's definitive proxy statement on Schedule 14A filed on June 9, 2014.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
June 30, 2014

	A	B			Pro Forma Combined June 30, 2014
	ASMB June 30, 2014	Assembly June 30, 2014	Elimination of Assembly	Pro Forma Adjustments	
ASSETS					
Current assets:					
Cash and cash equivalents	21,316,328	509,363	\$ (509,363)	509,363C	\$ 21,825,691
Other current assets	431,475	24,290	(24,290)	(235,631)C	195,844
Total current assets	21,747,803	533,653	(533,653)	273,732	22,021,535
Intangible assets	-	-	-	37,359,691C	37,359,691
Equipment, net	7,399	10,350	(10,350)	10,350C	17,749
Security deposit	-	16,606	(16,606)	16,606C	16,606
Total assets	21,755,202	560,609	(560,609)	37,660,379	59,415,581
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)					
Current liabilities:					
Accounts payable and accrued expenses	1,469,788	889,033	\$ (889,033)	629,112C	\$ 2,098,900
Total current liabilities	1,469,788	889,033	(889,033)	629,112	2,098,900
Convertible notes payable	-	1,950,000	(1,950,000)	-	-
Deferred tax liability	-	-	-	10,674,197C	10,674,197
Contingent license fee	-	99,214	(99,214)	99,214C	99,214
Total non-current liabilities	-	2,049,214	(2,049,214)	10,773,411	10,773,411
Total liabilities	1,469,788	2,938,247	(2,938,247)	11,402,523	12,872,311
Commitments					
Stockholders' equity:					
Common Stock, \$.001 par value	4,679	105	(105)	566D	8,687
Additional paid-in capital	138,174,448	1,842,007	(1,842,007)	3,709,112D	164,428,296
Common stock issuable, 25,000 shares at June 30, 2014	368,750	-	-	-	368,750
Deficit accumulated during the development stage	(118,262,463)	(4,219,750)	4,219,750	-	(118,262,463)
Total stockholders' equity (deficiency)	20,285,414	(2,377,638)	2,377,638	26,257,856	46,543,270
Total liabilities and stockholders' equity (deficiency)	21,755,202	560,609	(560,609)	37,660,379	59,415,581

A Derived from the unaudited balance sheet of Assembly Biosciences, Inc. as of June 30, 2014. -

B Derived from the unaudited balance sheet of Assembly as of June 30, 2014.

C The preliminary allocation of the purchase price to the Assembly balance sheet is shown below:

Cash and cash equivalents	\$ 509,363
Other current assets (to exclude intercompany receivables of \$259,921)	(235,631)
Equipment, net	10,350
Security deposit	16,606
Intangible assets	37,359,691
Total assets	37,660,379
Accounts payable and accrued expenses (to exclude intercompany payables of \$259,921)	629,112
Convertible notes payable	-
Contingent license fee	99,214
Deferred tax liability	10,674,197(4)
Net assets acquired	\$ 26,257,856(2)

(2) **Consideration issued**

Issuance of ASMB common stock - to Assembly convertible note holders (5)	\$ 3,709,678(3)
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Issuance of ASMB common stock - to Assembly shareholders

22,548,178(3)

Total Consideration issued

26,257,856

(3) **The fair value of the common stock issued was based upon the following:**

	Common Stock Issued	Share Price on June 30, 2014	Fair value	D Common stock at Par (\$0.001)	D Additional Paid in Capital
Issuance of ASMB common stock - to Assembly convertible note holders (5)	566,363	\$ 6.55	\$ 3,709,678	566	3,709,112
Issuance of ASMB common stock - to Assembly shareholders	3,442,470	\$ 6.55	22,548,178	3,442	22,544,736
Total	<u>4,008,833</u>		<u>\$ 26,257,856</u>	<u>\$ 4,008</u>	<u>\$ 26,253,848</u>

(4) The deferred tax liability resulting from the increase in basis of Assembly's intangible assets, excluding goodwill, for book purposes but not for tax purposes was calculated using a 40% effective tax rate. Under the acquisition method of accounting, the impact on the acquiring company's deferred tax assets is recorded outside of acquisition accounting. Accordingly, the valuation allowance on the Company's deferred tax assets will be released to offset the increase in deferred tax liability and result in an estimated financial statement income tax benefit of approximately \$12.0 million which will be recorded in the statement of operations for the three and nine month period ending September 30, 2014.

(5) Assembly's convertible notes payable were converted in Assembly's common stock prior to the closing.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the Six Months Ended June 30, 2014

	E	F	Pro Forma Adjustments	Pro Forma Combined Six Months Ended June 30, 2014
	ASMB Six Months Ended June 30, 2014	Assembly Six Months Ended June 30, 2014		
Operating expenses:				
Research and development	\$ 4,069,334	\$ 1,529,173	-	\$ 5,598,507
General and administrative	2,546,961	1,034,779	-	3,581,740
Loss from operations	(6,616,295)	(2,563,952)	-	(9,180,247)
Other income (expense)				
Interest income	77,105	-	-	77,105
Interest expense	-	(666,461)	666,461 ^G	-
Total other (expense)	77,105	(666,461)	666,461	77,105
Net loss	\$ (6,539,190)	\$ (3,230,413)	\$ 666,461	\$ (9,103,142)
Basic and diluted net loss per common share	\$ (1.43)			\$ (1.06)
Weighted average common shares outstanding - basic and diluted	4,562,384			8,571,217 ^H

E Derived from the unaudited condensed consolidated statements of operations of ASMB for the six months ended June 30, 2014.

F Derived from the unaudited condensed consolidated statements of operations of Assembly for the six months ended June 30, 2014.

G Elimination of interest expense assuming the Merger took place on January 1, 2014

H **Weighted Average Shares - Basic and Diluted**

Outstanding as of June 30, 2014	4,562,384
Issuance of ASMB common stock - to Assembly convertible note holders	566,363
Issuance of ASMB common stock - to Assembly shareholders	3,442,470
Total	8,571,217

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2013

	I	J		Pro Forma Combined Year Ended December 31, 2013
	ASMB Year Ended December 31, 2013	Assembly Year Ended December 31, 2013	Pro Forma Adjustments	
Operating expenses:				
Research and development	\$ 15,029,078	\$ 822,409	-	\$ 15,851,487
Amortization of intangible assets	-	-	-	-
General and administrative	4,575,701	121,692	-	4,697,393
Loss from operations	(19,604,779)	(944,101)	-	(20,548,880)
Other income (expense)				
Interest income	201,020	-	-	201,020
Interest expense	-	(33,902)	33,902	-
Total other income (expense)	201,020	(33,902)	33,902	201,020
Net loss	\$ (19,403,759)	\$ (978,003)	\$ 33,902	\$ (20,347,860)
Basic and diluted net loss per common share	\$ (5.00)			\$ (2.58)
Weighted average common shares outstanding - basic and diluted	3,878,697			7,887,530

I Derived from the audited consolidated statements of operations of ASMB for the year ended December 31, 2013.

J Derived from the audited consolidated statements of operations of Assembly for the year ended December 31, 2013.

K Elimination of interest expense assuming the Merger took place on January 1, 2013

L Weighted Average Shares - Basic and Diluted

Outstanding as of December 31, 2013	3,878,697
Issuance of ASMB common stock - to Assembly convertible note holders	566,363
Issuance of ASMB common stock - to Assembly shareholders	3,442,470
Total	7,887,530