

CHAMPIONS BIOTECHNOLOGY, INC.  
Form 10KSB  
August 14, 2007

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-KSB

Mark One

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

For the fiscal year ended April 30, 2007

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-17263

**CHAMPIONS BIOTECHNOLOGY, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
organization)

52-1401755  
(I.R.S. Employer  
Identification No.)

2200 Wilson Blvd., Suite 102-316, Arlington, VA 22201  
(Address of principal executive offices) (Zip code)

(703) 526-0400  
(Registrant's telephone number, including area code)

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value \$.001 per share  
(Title of Class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in a definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB.

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

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For the year ended April 30, 2007, the revenues of the registrant were \$0.00.

The Company's common stock is listed on the Over-The-Counter Bulletin Board under the stock ticker symbol "CSBR." The aggregate market value of the Common Stock of the Registrant held by non-affiliates of the Registrant based on the average bid and asked price on August 10, 2007, was approximately \$5,000,000.

As of August 10, 2007, the Registrant had a total of 31,624,658 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

Transitional Small Business Disclosure Format (check one): Yes  No

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PART I

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This document contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act that inherently involve risk and uncertainties. The Company generally uses words such as "believe," "may," "could," "will," "intend," "estimate," "expect," "anticipate," "plan," "likely," "promise" and similar expressions to identify forward-looking statements. One should not place undue reliance on these forward-looking statements. The Company's actual results could differ materially from those anticipated in the forward-looking statements for many unforeseen factors, which may include, but are not limited to, changes in general economic conditions, the ongoing threat of terrorism, ability to have access to financing sources on reasonable terms and other risks that are described in this document. Although the Company believes the expectations reflected in the forward-looking statements are reasonable, they relate only to events as of the date on which the statements are made, and the Company's future results, levels of activity, performance or achievements may not meet these expectations. The Company does not intend to update any of the forward-looking statements after the date of this document to conform these statements to actual results or to changes in the Company's expectations, except as required by law.

**Item 1. Description of Business and Risk Factors.**

(a) Development of Business

Champions Biotechnology, Inc. (referred in this 10-KSB by terms "Company", "we" or "our") was incorporated as a merger and acquisition company under the laws of the State of Delaware on June 4, 1985 under the name "International Group, Inc." In September 1985 the Company completed a \$400,000 public offering and in January 1986 acquired the world-wide rights to the Champions sports theme restaurant concept and subsequently changed its name to "Champions Sports, Inc." Between 1987 and 1988, warrants issued in the public offering in September 1985 were exercised by stockholders and consequently the Company received additional capital of about \$2,400,000. In November 1991, the Company effected a reverse split of its outstanding shares on a 1 for 100 basis. In November 1992, the Company completed a \$3,500,000 preferred stock public offering. Subsequently, all preferred shares were converted to common stock. In 1997, the Company sold its Champions service mark and concept for sports themed restaurants to Marriott International, Inc. and until 2005, the Company was a consultant and exclusive supplier of sports memorabilia to Marriott International, Inc. and a licensee (royalty free) of one Champions Sports Bar Restaurant, which ceased operations when its sixteen year lease ended. Until January 2007, the Company was continually seeking a new business direction as a vehicle to effect a business combination with a private company that desired to be public. In January 2007, the Company changed its business direction to focus on biotechnology and subsequently changed its name to Champions Biotechnology, Inc. Since then the Company commenced the process of building a biotechnology company.

(b) Current Business Plan

We are presently engaged in the evaluation, acquisition and early stage development of a portfolio of new therapeutic drug candidates, in the acquisition and development of novel technologies and in providing administrative services in the field of oncology that the Company hopes will improve methods and approaches to disease treatment. Our current plan calls for the development of a management team, selection and appointment of new members to our Board of Directors, formation of a Scientific Advisory Board and securing additional longer term funding to continue the development and acquisition of our drug portfolio and other novel technologies. This is being accomplished by drawing upon the established expertise, knowledge and insight of experts, including two of the Company's shareholders and directors, Drs. David Sidransky and Manuel Hidalgo, who have wide-ranging contacts in the pharmaceutical and biotechnology industry, academia and government. Subsequent to April 30, 2007, Dr. David Sidransky was appointed to the Company's Board of Directors and Dr. Manuel Hidalgo was appointed to the Company's Board of Directors and as its Scientific Advisor.

We plan to evaluate new drug candidates and develop a portfolio of new therapeutic drug candidates through pre-clinical trials and possibly early phase ("first in man") clinical trials. If therapeutic drug candidates reach this early stage of development, the Company intends to partner with, sell or license them to pharmaceutical and/or biotechnology companies, as appropriate. Management believes this strategy will enable the Company to leverage the competencies of these partners or licensees to maximize the Company's return on investment in a relatively short time frame. The Company believes that this model is unlike that of many new biotechnology companies that look to bring the process of drug development through all phases of discovery, development, regulatory approvals, and marketing, which requires a very large financial commitment and a long time, typically more than a decade, to realize.

In February 2007, we acquired the patent rights to two Benzoylphenylurea (BPU) sulfur analog compounds that have shown promising potent activity against in vitro and in vivo models of prostate and pancreatic cancer (*Journal of Medicinal Chemistry*, 2006, Vol. 49, No.7, 2357-2360 and *American Association for Cancer Research Journal of Molecular Cancer Therapeutics*, Vol. 6, Issue 5, May 2007, 1509-16.). The acquired rights include pending U.S. Patent Application and the corresponding international patent application filed under the Patent

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Cooperation Treaty (PCT), both entitled Design and Synthesis of Novel Tubulin Polymerization Inhibitors: Benzoylphenylurea (BPU) Sulfur Analogs.

Subsequent to April 30, 2007, in May 2007, we acquired Biomerk, Inc., a company focused on generating a novel preclinical platform of human cancer tumor immune-deficient mice xenografts (Biomerk Tumorgrafts™). Biomerk Tumorgrafts™, unlike standard cell line derived xenografts, are implanted directly from primary human cancer tumors and never passaged in cell tissue culture. The Company believes that these xenografts more closely reflect human cancer biology and are more predictive of clinical outcome. The Company has several patent applications relating to xenograft models used for identifying potentially active chemotherapeutic agents. The Company believes that it as well as biotechnology and pharmaceutical companies, as part of their drug discovery and post marketing efforts, may benefit from utilizing services that are more predictive and that might provide for a faster and less expensive path for drug approval. These services will utilize Biomerk Tumorgrafts™ to evaluate tumor sensitivity/resistance to various single and combination standard and novel chemotherapy agents.

Additionally, we plan to provide administrative services in the field of oncology by establishing and administering expert medical information panels for individuals to analyze medical records and test results, to assist in understanding conventional and research options and to identify and arrange third parties for testing, analysis and study of cancer tissues, as appropriate.

(c) Operations

As of April 30, 2007, the Company did not generate revenues from its operations.

(d) Competition

The Company will encounter significant competition from firms currently engaged in the biotechnology industries. The majority of these companies are and will be will be substantially larger than the Company, and have substantially greater resources and operating histories. There can be no assurance that developments by other companies will not render our products or technologies obsolete or noncompetitive or that we will be able to keep pace with the technological or product developments of our competitors.

(e) Patent Applications

It is the Company's intention to protect its proprietary property through the filing of U.S. and international patent applications, both broad and specific, where necessary and reasonable. In February 2007, the Company acquired the patent rights to two Benzoylphenylurea (BPU) sulfur analog compounds that have shown promising potent activity against in vitro and in vivo models of prostate and pancreatic cancer. The acquired rights include pending U.S. Patent Application no. 11/673,519 and corresponding international patent application (PCT/US2006/014449) filed under the Patent Cooperation Treaty (PCT), both entitled Design and Synthesis of Novel Tubulin Polymerization Inhibitors: Benzoylphenylurea (BPU) Sulfur Analogs.

(f) Government Regulation

The research, development, manufacture, and marketing of the Company's potential products are subject to federal, state, local, or foreign legislation or regulation, including the interpretation of and compliance with existing, proposed, and future regulatory requirements imposed by the U.S. Food and Drug Administration ("FDA") in the United States and by comparable authorities in other countries. The Company does not plan to unilaterally pursue the FDA approval necessary to commercially market its products.

(g) Employees

As of April 30, 2007, the Company had one employee.

## RISK FACTORS

You should carefully consider the risks described below together with all of the other information included in this report. The risks and uncertainties described below are not the only ones we face. Additional risks not presently known or that we currently consider insignificant may also impair our business operations in the future. An investment in our common stock is very risky. If any of the following risks materialize, our business, financial condition or results of operations could be adversely affected. In such an event, the trading price of our common stock could decline, and you may lose part or all of your investment.

**We historically have lost money, expect losses to continue for the foreseeable future and may never achieve profitability.**

We historically have lost money. In the year ended April 30, 2007, we sustained net losses of \$170,058 and in the year ended April 30, 2006, we sustained a net loss of \$303,718. At April 30, 2007, we had an accumulated deficit of \$7,104,245.

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The amount of these losses may vary significantly from year-to-year and quarter-to-quarter and will depend on, among other factors:

- the timing and cost of product and technology development;
- the progress and cost of preclinical and possibly early phase clinical development programs;
- the cost of securing and defending intellectual property;
- the timing and cost of obtaining necessary regulatory approvals; and
- the costs of pending and any future litigation of which we may be subject.

Through April 30, 2007 we had limited operations and do not have any commercially marketable products or technologies. We intend to engage in product research and development, a process that requires significant capital expenditures, and we do not have any other sources of revenue to off-set such expenditures. Accordingly, we expect to generate additional operating losses at least until such time as we are able to generate significant revenues.

To become profitable, we will need to generate revenues to off-set our operating costs, including our general and administrative expenses. We may not achieve or, if achieved, sustain our revenue or profit objectives, and our losses may increase in the future, and, ultimately, we may have to cease operations.

In order to generate new and significant revenues, we must raise capital to successfully develop our products and then partner with, sell or license to pharmaceutical and/or biotechnology companies, as appropriate, who can successfully commercialize them. Even if our proposed products are commercially introduced, they may never achieve market acceptance and we may never generate significant revenues or achieve profitability. If we must devote a substantial amount of time to raising capital, it will delay our ability to achieve our business goals within the time frames that we now expect, which could increase the amount of capital we need. In addition, the amount of time expended by our management on fund raising distracts them from concentrating on our business affairs.

**Our lack of operating history in the biotechnology industry makes it difficult to evaluate or predict our future business prospects.**

We have no operating history in the biotechnology industry, and our operating results are not possible to predict at this time. We are in the development stage, and our proposed operations are subject to all of the risks inherent in establishing a new business enterprise, including:

- the absence of an operating history;
- the lack of commercialized products;
- insufficient capital;
- expected substantial and continual losses for the foreseeable future;
- limited experience in dealing with regulatory issues;
- limited marketing experience;
- an expected reliance on third parties for the commercialization of our proposed products;
- a competitive environment characterized by numerous, well-established and well-capitalized competitors;
- uncertain market acceptance of our proposed products; and
- reliance on key personnel.

The likelihood of our success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the formation of a new business, the development of new technology, and the competitive and regulatory environment in which we will operate.

Because we are subject to these risks, you may have a difficult time evaluating our business and your investment in our company.

**Our initial proposed products are in the early development stages and will likely not be commercially introduced for many years, if at all.**

Our proposed initial products still are in the early development stage and will require further development, preclinical and early phase clinical testing and investment prior to our effort to partner with, sell or license them to pharmaceutical and/or biotechnology companies, as appropriate. Such partnership, divestiture or license agreement may have contingencies for their possible commercialization in the United States and abroad. We cannot be sure that these products in development will:

- be successfully developed;
- prove to be safe and efficacious in clinical trials;
- meet applicable regulatory standards or obtain required regulatory approvals;
- demonstrate substantial protective or therapeutic benefits in the prevention or treatment of any disease;
- be capable of being produced in commercial quantities at reasonable costs;
- obtain coverage and favorable reimbursement rates from insurers and other third-party payors; or
- be successfully marketed or achieve market acceptance by physicians and patients.



**We have very limited staffing and will continue to be dependent upon key employees.**

Our success, currently, is dependent upon the efforts of our only employee, James Martell, our Chairman, President and CEO. The loss of Mr. Martell's services would have a material adverse affect on our business and financial condition. We will need to develop a management team and attract and retain qualified personnel in all functional areas to expand and grow our business. This will be difficult in the biotechnology industry, where competition for skilled personnel is intense.

**Because our industry is very competitive and many of our competitors have substantially greater capital resources and more experience in research and development than us, we may not succeed in developing our proposed products and technologies and having them brought to market.**

Competition in the pharmaceutical industry is intense. Potential competitors in the United States and abroad are numerous and include pharmaceutical and biotechnology companies, most of which have substantially greater capital resources and more experience in research and development than us. Academic institutions, hospitals, governmental agencies and other public and private research organizations are also conducting research and seeking patent protection and may develop and commercially introduce competing products or technologies on their own or through joint ventures. We cannot assure you that our competitors will not succeed in developing similar technologies and products more rapidly than we do, commercially introducing such technologies and products to the marketplace prior to introduction of our products, or that these competing technologies and products will not be more effective or successful than any of those that we currently are developing or will develop.

**If we are unable to protect our intellectual property, we may not be able to compete as effectively.**

The biotechnology industry places considerable importance on obtaining patent and trade secret protection for new technologies, products and processes. Our success will depend, in part, upon our ability to obtain, enjoy and enforce protection for any products we develop or acquire under United States and foreign patent laws and other intellectual property laws, preserve the confidentiality of our trade secrets and operate without infringing the proprietary rights of third parties.

Where appropriate, we will seek patent protection for certain aspects of our technology. However, our owned and licensed patents and patent applications may not ensure the protection of our intellectual property for a number of other reasons:

- Competitors may interfere with our patents and patent process in a variety of ways. Competitors may claim that they invented the claimed invention before us or may claim that we are infringing on their patents and therefore we cannot use our technology as claimed under our patent. Competitors may also have our patents reexamined by showing the patent examiner that the invention was not original or novel or was obvious.
- We are in the development stage and will be in the process of developing proposed products and technologies. The mere receipt of a patent does not necessarily provide much practical protection. If we receive a patent with a narrow scope, then it will be easier for competitors to design products that do not infringe on our patent. Even if the development of our proposed products is successful and approval for sale is obtained, there can be no assurance that applicable patent coverage, if any, will not have expired or will not expire shortly after this approval. Any expiration of the applicable patent could have a material adverse effect on the sales and profitability of our proposed product.
- Enforcing patents is expensive and may require significant time by our management. In litigation, a competitor could claim that our issued patents are not valid for a number of reasons. If the court agrees, we would lose protection on products covered by those patents.
- We also may support and collaborate in research conducted by government organizations or universities. We cannot guarantee that we will be able to acquire any exclusive rights to technology or products derived from these collaborations. If we do not obtain required licenses or rights, we could encounter delays in product development while we attempt to design around other patents or we may be prohibited from developing, manufacturing or selling products requiring these licenses. There is also a risk that disputes may arise as to the rights to technology or products developed in collaboration with other parties.

It also is unclear whether efforts to secure our trade secrets will provide useful protection. While we will use reasonable efforts to protect our trade secrets, our employees or consultants may unintentionally or willfully disclose our proprietary information to competitors resulting in a loss of protection. Enforcing a claim that someone else illegally obtained and is using our trade secrets, like patent litigation, is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets. Finally, our competitors may independently develop equivalent knowledge, methods and know-how.

**Claims by others that our products infringe their patents or other intellectual property rights could adversely affect our financial condition.**

The biotechnology industry has been characterized by frequent litigation regarding patent and other intellectual property rights. Patent applications are maintained in secrecy in the United States and also are maintained in secrecy outside the United States until the application is published. Accordingly, we can conduct only limited searches to determine whether our technology infringes the patents or patent applications of others. Any claims of patent infringement asserted by third parties would be time-consuming and could likely:

- result in costly litigation;
- divert the time and attention of our technical personnel and management;
- cause product development delays;
- require us to develop non-infringing technology; or
- require us to enter into royalty or licensing agreements.

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Although patent and intellectual property disputes in the biotechnology industry have often been settled through licensing or similar arrangements, costs associated with these arrangements may be substantial and often require the payment of ongoing royalties, which could hurt our gross margins. In addition, we cannot be sure that the necessary licenses would be available to us on satisfactory terms, or that we could redesign our products or processes to avoid infringement, if necessary. Accordingly, an adverse determination in a judicial or administrative proceeding, or the failure to obtain necessary licenses, could prevent us from developing, manufacturing and selling some of our products, which could harm our business, financial condition and operating results.

**If any of our products that we license or partner with pharmaceutical and/or biotechnology companies fail to obtain regulatory approval or if approval is delayed or withdrawn, we may be unable to generate revenue from the sale or license of our products.**

Our products are subject to federal, state, local, or foreign legislation or regulation, including the interpretation of and compliance with existing, proposed, and future regulatory requirements imposed by the FDA in the United States and by comparable authorities in other countries. In the United States, approval of the FDA has to be obtained for each product or drug to be commercialized. The FDA approval process is typically lengthy and expensive, and approval is never certain. Products to be commercialized abroad are subject to similar foreign government regulation.

Generally, only a very small percentage of newly discovered pharmaceutical products that enter preclinical development are approved for sale. Because of the risks and uncertainties in biopharmaceutical development, our proposed products could take a significantly longer time to gain regulatory approval than we expect or may never gain approval. If regulatory approval is delayed or never obtained, our management's credibility, the value of our company and our operating results and liquidity might be adversely affected. Furthermore, even if a product gains regulatory approval, the product and the manufacturer of the product may be subject to continuing regulatory review. Even after obtaining regulatory approval, such approval may entail limitations on the indicated uses for which the product may be marketed. Moreover, a marketed product, its manufacturer, its manufacturing facilities, and its suppliers are subject to continual review and periodic inspections. Discovery of previously unknown problems, or the exacerbation of problems previously deemed acceptable, with the product, manufacturer, or facility may result in restrictions on such product or manufacturer, potentially including withdrawal of the product from the market.

**Even if our proposed products receive FDA approval, they may not achieve expected levels of market acceptance, which could have a material adverse effect on our business, financial position and operating results and could cause the market value of our common stock to decline.**

Even if our proposed products obtain required regulatory approvals, the success of those products is dependent upon market acceptance by physicians and patients. Levels of market acceptance for our new products could be impacted by several factors, including:

- the availability of alternative products from competitors;
- the price of our products relative to that of our competitors;
- the timing of our market entry; and
- the ability to market our products effectively.

Some of these factors are not within our control. Our proposed products may not achieve expected levels of market acceptance. Additionally, continuing studies of the proper utilization, safety and efficacy of pharmaceutical products are being conducted by the industry, government agencies and others. Such studies, which increasingly employ sophisticated methods and techniques, can call into question the utilization, safety and efficacy of previously marketed products. In some cases, these studies have resulted, and may in the future result, in the discontinuance of product marketing. These situations, should they occur, could have a material adverse effect on our business, financial position and results of operations, and the market value of our common stock could decline.

**Because the biotechnology industry is heavily regulated, we face significant costs and uncertainties associated with our efforts to comply with applicable regulations. Should we fail to comply, we could experience material adverse effects on our business, financial position and results of operations, and the market value of our common stock could decline.**

The biotechnology industry is subject to regulation by various federal and state governmental authorities. For example, we must comply with FDA requirements with respect to the development of our proposed products and our early clinical trials, and if any of our proposed products are approved, the manufacture, labeling, sale, distribution, marketing, advertising and promotion of our products. Failure to comply with FDA and other governmental regulations can result in fines, disgorgement, unanticipated compliance expenditures, recall or seizure of products, total or partial suspension of production and/or distribution, suspension of the FDA's review of New Drug Applications ("NDA's"), enforcement actions, injunctions and criminal prosecution. Under certain circumstances, the FDA also has the authority to revoke previously granted drug approvals. Despite our efforts at compliance, there is no guarantee that we may not be deemed to be deficient in some manner in the future. If we were deemed to be deficient in any significant way, our business, financial position and results of operations could be materially affected and the market value of our common stock could decline.

**Your investment in our common stock may be diluted if we issue additional shares in the future.**

We may issue additional shares of common stock, which would reduce your percentage ownership and may dilute your share value. Our Certificate of Incorporation authorize the issuance of 50,000,000 shares of common stock. As of July 15, 2007, we had 31,624,658 shares of common stock issued and outstanding. The future issuance of all or part of the remaining authorized common stock would result in substantial

dilution in the percentage of the common stock held by existing shareholders. We may value any common stock issued in the future on an arbitrary basis. The issuance of common stock for future services or acquisitions or other corporate actions may have the effect of diluting the value of the shares held by existing shareholders, and might have an adverse effect on any trading market for our common stock.

**There is a limited trading market for our common stock, which may make it difficult for you to sell your shares.**

Our common stock is quoted on the OTC Bulletin Board. Like many stocks quoted on the OTC Bulletin Board, trading in our common stock is thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, trading on the OTC Bulletin Board is often more sporadic and volatile than the trading on security exchanges like NASDAQ, American Stock Exchange or New York Stock Exchange. Accordingly, you may have difficulty reselling your shares of our common stock in short time periods.

**Our common stock may be deemed a "penny stock," which would make it more difficult for you to sell your shares.**

Our common stock may be subject to the "penny stock" rules adopted under Section 15(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The penny stock rules apply to companies whose common stock is not listed on the NASDAQ Stock Market or another national securities exchange and trades at less than \$5.00 per share or that have tangible net worth of less than \$5,000,000 (\$2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. If we remain subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for our common stock. If our common stock is subject to the penny stock rules, you will find it more difficult to dispose of the shares of our common stock that you have purchased.

**Item 2. Description of Property.**

The Company has an office address at 2200 Wilson Boulevard, Suite 102-316, Arlington, VA 22201. The Company's rental payments are \$40 per month.

**Item 3. Legal Proceedings.**

The Company is not the subject of any pending legal proceeding and to the knowledge of management, no proceedings are presently contemplated against the Company by any federal, state or local governmental agency. Further, to the knowledge of management, no director or executive officer is party to any action in which such director or executive officer has an interest adverse to the Company.

**Item 4. Submission of Matters to a Vote of Security Holders.**

There were no submissions of matters to a vote of security holders. The Company did not hold its annual meeting of stockholders for FY 2007 for financial reasons.

## PART II

**Item 5. Markets for Common Equity & Related Stockholder Matters.**

## (a) Principal Market or Markets

The following information sets forth the high and low bid price for the Company's common stock for each quarter within the last two fiscal years. The Company's common stock (symbol CSBR) is traded over-the-counter (OTC) and quoted on the electronic Bulletin Board maintained by the National Association of Securities Dealers. The Company's securities are presently classified as "Penny Stocks" as defined by existing securities laws. This classification places significant restrictions upon broker-dealers desiring to make a market in such securities.

|             |                | Common Stock |      |
|-------------|----------------|--------------|------|
|             |                | High         | Low  |
| Fiscal 2007 |                | \$           | \$   |
|             | First Quarter  | 0.04         | 0.02 |
|             | Second Quarter | 0.02         | 0.01 |
|             | Third Quarter  | 0.80         | 0.01 |
|             | Fourth Quarter | 0.60         | 0.27 |
| Fiscal 2006 |                | High         | Low  |
|             |                | \$           | \$   |
|             | First Quarter  | 0.07         | 0.04 |
|             | Second Quarter | 0.06         | 0.02 |
|             | Third Quarter  | 0.08         | 0.02 |
|             | Fourth Quarter | 0.10         | 0.01 |

## (b) Approximate Number of Holders of Common Stock

The number of holders of record of the Company's common stock as of July 15, 2007 was 2,160 and the Company estimates that there are approximately 3,000 additional beneficial shareholders.

## (c) Dividends

Holders of common stock are entitled to receive such dividends as may be declared by the Company's Board of Directors. No dividends have been paid with respect to the Company's common stock and no dividends are anticipated to be paid in the foreseeable future. Any future decisions as to the payment of dividends will be at the discretion of the Company's Board of Directors, subject to applicable law. On October 16, 2006, the Company agreed to issue 1,000,000 shares of common stock, a five-year warrant to purchase up to 500,000 shares of common stock at an exercise price of \$0.15 per share, and a five-year warrant to purchase up to 500,000 shares of common stock at an exercise price of \$0.25 per share to the holder of 32,450 shares of the Company's preferred stock, representing all of the outstanding shares of preferred stock, in exchange for the cancellation of such shares and the waiver of all accrued and unpaid dividends on such shares, which totaled \$350,460.

The Company has no stock option plan.

**Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

## SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This document contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act that inherently involve risk and uncertainties. The Company generally uses words such as "believe," "may," "could," "will," "intend," "estimate," "expect," "anticipate," "plan," "likely," "promise" and similar expressions to identify forward-looking statements. One should not place undue reliance on these forward-looking statements. The Company's actual results could differ materially from those anticipated in the forward-looking statements for many unforeseen factors, which may include, but are not limited to, changes in general

economic conditions, the ongoing threat of terrorism, ability to have access to financing sources on reasonable terms and other risks that are described in this document. Although the Company believes the expectations reflected in the forward-looking statements are reasonable, they relate only to events as of the date on which the statements are made, and the Company's future results, levels of activity, performance or achievements may not meet these expectations. The Company does not intend to update any of the forward-looking statements after the date of this document to conform these statements to actual results or to changes in the Company's expectations, except as required by law.



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The following discussion and analysis summarizes the financial condition of the Company for FY 2007 and compares that to its financial condition for FY 2006. This discussion and analysis should be read in conjunction with our financial statements and notes appearing elsewhere in this report. The discussion should also be read with the cautionary statements and risk factors appearing at the end of this section.

The Company beginning in January 2007 changed its business direction to focus on biotechnology and has since commenced the process of building a biotechnology company from the ground up. The Company is engaged in the evaluation, acquisition and early stage development of a portfolio of new therapeutic drug candidates, in the acquisition and development of novel technologies and in providing administrative services in the field of oncology that the Company hopes will improve methods of and approaches to disease treatment.

### (a) Results of Operations for Fiscal Years 2007 and 2006.

#### 1. Operating Revenues

For the fiscal year ended April 30, 2007, the Company's operating revenue was \$0.00. For fiscal year ended April 30, 2006, the operating revenue was \$0.00 as reclassified. The Company's consolidated financial statements have been reclassified to reflect the cessation of business in June 2005 of its San Antonio Champions location as discontinued operations during FY 2006.

#### 2. Operating Expenses

For FY 2007, the operating expenses for the Company were the general and administrative expenses which were \$170,058 compared to \$144,117 in FY 2006. The increase of \$25,941 was due to the additional expenses associated with changing the business direction of the Company to biotechnology.

#### 3. Profits / Losses

For FY 2007, the Company's net loss applicable to common stockholders was \$170,058. For FY 2006 it was \$303,718. For FY 2007 the loss was \$0.01 per common share and FY 2006 the loss was \$0.02 per common share. In FY 2006, the loss from discontinued operations was \$159,601, which reflected the cessation of business in June 2005 of the Company's San Antonio Champions location

### (b) Liquidity and Capital Resources for Fiscal Years 2007 and 2006.

The Company's cash position on April 30, 2007, was \$3,758 compared to \$540 on April 30, 2006. In FY 2007, the net cash used in operating activities of continuing and discontinued operations was \$78,475. In FY 2006, the net cash used in operating activities of continuing and discontinued operations was \$93,973. The Company's working capital as of April 30, 2007 was a negative \$441,065 contrasted to a negative \$670,513 on April 30, 2006. In FY 2007 the Company converted \$350,460 of dividends payable on preferred stock by issuing shares of common stock in exchange for cancellation of outstanding preferred shares and waiver of all accrued and unpaid dividends on such shares. In FY 2007, the Company received advances totaling \$43,693 from its executive officer, James Martell, to meet the Company's working capital needs. The Company also issued 2,500,000 restricted shares of common stock to Dr. Manuel Hidalgo for an aggregate purchase price of \$10,000 and 7,000,000 restricted shares of common stock to Dr. David Sidransky for an aggregate purchase price of \$28,000 with all proceeds used for working capital.

In FY 2007 the Company acquired the patent rights to cancer drug candidates Benzoylphenylurea (BPU) Sulfur Analogs. The purchase price for the patent rights consisted of an aggregate of up to 550,000 restricted shares of the Company's common stock, of which 300,000 restricted shares were issued upon execution of the acquisition agreement and 250,000 restricted shares are issuable upon the issuance of one of the patents based on U.S. Patent Application no. 11/673,519.

### (c) Miscellaneous for Fiscal Years 2007 and 2006.

Stockholders' equity on April 30, 2007 was a negative \$441,065 compared to a negative \$670,513 on April 30, 2006. In FY 2007 and FY 2006, the Board of Directors voted to defer the annual meeting of shareholders in order to preserve the Company's cash reserves.

#### Impact of inflation.

Inflationary factors have had no significant effect on the Company's operations.



(d) Subsequent events.

Subsequent to April 30, 2007, in May 2007, the Company acquired Biomerk Inc. a company focused on generating a novel preclinical platform of human cancer tumor immune-deficient mice xenografts (Biomerk Tumorgrafts™). Biomerk Tumorgrafts™, unlike standard cell line derived xenografts, are implanted directly from primary human cancer tumors and never passaged in cell tissue culture. The Company believes that these xenografts more closely reflect human cancer biology and are more predictive of clinical outcome. The Company has several patent applications relating to xenograft models used for identifying potentially active chemotherapeutic agents. The Company believes that it as well as biotechnology and pharmaceutical companies, as part of their drug discovery and post marketing efforts, may benefit from utilizing services that are more predictive and that might provide for a faster and less expensive path for drug approval. These services will utilize Biomerk Tumorgrafts™ to evaluate tumor sensitivity/resistance to various single and combination standard and novel chemotherapy agents. The Biomerk acquisition provided the Company with approximately \$475,000 cash. The Company anticipates that this will cover operating costs until longer term capital is obtained to finance Company's future development. There is no assurance that this can be done on terms satisfactory to the Company.

**Item 7. Financial Statements and Supplementary Data.**

The Report of Independent Accountants appears at page F-1 and the Consolidated Financial Statements and Notes to the Consolidated Financial Statements appear at pages F2 through F19 hereof.

**Item 8. Changes In and Disagreements with Accountants on Accounting & Financial Disclosure.**

In FY 2007, the Company did not change its independent auditor, Bagell, Josephs, Levine & Company L.L.C. There have been no disagreements between the Company and its independent accountant on any matter of accounting principles or practices or financial statement disclosure during the last two fiscal years.

**Item 8A(T). Controls and Procedures.**

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in the reports filed under the Securities Exchange Act, is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that this information is accumulated and communicated to the Company's management, including the Company's chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Based upon their evaluation as of the end of the period covered by this report, the Company's chief executive officer and also its chief financial officer concluded that, the Company's disclosure controls and procedures are not effective to ensure that information required to be included in the Company's periodic SEC filings is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms.

The Company's Board of Directors was advised by Bagell, Josephs, Levine & Company, L.L.C., the Company's independent registered public accounting firm that during their performance of audit procedures for FY 2007, Bagell, Josephs & Company, L.L.C. identified a material weakness as defined in Public Company Accounting Oversight Board Standard No. 2 in the Company's internal control over financial reporting.

This deficiency consisted primarily of inadequate staffing and supervision that could lead to the untimely identification and resolution of accounting and disclosure matters and failure to perform timely and effective reviews. However, the size of the Company prevented it from being able to employ sufficient resources to enable the Company to have adequate segregation of duties within its internal control system. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Certifications of the Chief Executive Officer and Chief Financial Officer regarding, among other items, disclosure controls and procedures are included immediately after the signature section of this Form 10-KSB.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

**Item 8B. Other Information.**

None.



## PART III

**Item 9. Directors, Executive Officers, Promoters, Control Persons and Corporate Governance; Compliance with Section 16(a) of the Exchange Act.**

The Executive Officers and Directors of the Company as of August 13, 2007 are as follows:

| NAME                | POSITION(S) PRESENTLY HELD   |
|---------------------|--|
| James M. Martell    | Chairman, Chief Executive Officer, President and Chief Financial Officer |
| Dr. David Sidransky | Director <sup>1</sup>  |
| Dr. Manuel Hidalgo  | Director and Scientific Advisor <sup>2</sup>                             |
| Durwood C. Settles  | Treasurer, Director  |
| Michael M. Tomic    | Director   |

<sup>1</sup> Dr. Sidransky was appointed to serve as Director in August 2007

<sup>2</sup> Dr. Manuel Hidalgo was appointed to serve as Director and as Scientific Advisor in June 2007.

**James M. Martell**, age 60, has served as President from May 1990 to June 1992 and from January 1993 to September 1993 and from March 1994 to the present and as Chief Executive Officer from May 1990 to June 1992 and from January 1993 to September 1993 and from March 1994 to August 2000 and from June 2001 to the present and as Chairman from November 1991 to August, 2000 and from June 2001 to the present. Mr. Martell served as Chief Financial Officer since May 2006 to the present and as Director of the Company since its inception on June 4, 1985. Additionally, he served the Company as Vice President from October 1988 to May 1990, as Treasurer from June 1985 to January 1989, and as Secretary from June 1985 to January 1986. From 1983 to 1987, Mr. Martell was a partner along with Mr. Tomic in Tomar Associates, a consulting company specializing in European-American joint ventures, venture capital financing, technology transfer, and corporate finance. From 1981 to 1983, Mr. Martell was a partner in International Group, a partnership involved in promoting national and international business development. From 1973 to 1981, he served in various administrative positions at the U.S. Department of Energy. Mr. Martell received a Bachelor of Science degree in Chemistry in 1968 and a Master of Science degree in Geochemistry in 1973, from George Washington University.

**David Sidransky, M.D.** age 47, has served as a Director of the Company since August 2007. Dr. Sidransky is the Director of the Head and Neck Cancer Research Division at Johns Hopkins University School of Medicine and is a Professor of Oncology, Otolaryngology-Head and Neck Surgery, Cellular & Molecular Medicine, Urology, Genetics, and Pathology at Johns Hopkins University and Hospital. Dr. Sidransky is one of the five most highly cited researchers in clinical and medical journals in the world, in the field of oncology during the past decade, with over 300 peer-reviewed publications. He has contributed more than 40 cancer reviews and chapters. Dr. Sidransky is a founder of a number of biotechnology companies and holds numerous biotechnology patents. He has served as Vice Chairman of the Board of Directors of ImClone and presently is a director of ImClone, Vice Chairman of Alfacell and serves on the Board of Directors of Xenomics. Dr. Sidransky is serving and has served on scientific advisory boards of MedImmune, Roche, Amgen and Veridex, LLC. (a Johnson & Johnson diagnostic company), among others. Dr. Sidransky serves as Director (2005-2008) of American Association for Cancer Research (AACR). He was the chairperson of the first (September 2006) and is the chairperson of the second (September 2007) AACR International Conference on Molecular Diagnostics in Cancer Therapeutic Development: Maximizing Opportunities for Individualized Treatment. Dr. Sidransky is the recipient of many awards and honors, including the 1997 Sarstedt International Prize from the German Society of Clinical Chemistry, the 1998 Alton Ochsner Award Relating Smoking and Health by the American College of Chest Physicians and the 2004 Hinda and Richard Rosenthal Award from the American Association of Cancer Research. Dr. Sidransky is certified in Internal Medicine and Medical Oncology by the American Board of Medicine. Dr. Sidransky received his B.A. from Brandeis University and his M.D. from the Baylor College of Medicine.

**Manuel Hidalgo, M.D., Ph.D.**, age 39, has served as Director and as Scientific Advisor since June 2007. Dr. Hidalgo, for the past five years has been an Associate Professor of Oncology at the Sidney Kimmel Comprehensive Cancer Center, Johns Hopkins University School of Medicine. He is also currently the Director of the Centro Integral Oncologia "Clara Campal" in Madrid, Spain. Dr. Hidalgo is serving on the Scientific Advisory Boards of private and public companies, including Systems Medicine, Tau Therapeutics, Targeted Molecular Diagnostics and Monogram Biosciences. Dr. Hidalgo is considered a leading researcher in the field of targeted therapies for the treatment of cancer in patients with solid tumors. Dr. Hidalgo has published over 140 papers in prestigious cancer journals as well as numerous chapters in important text books. He has received numerous awards including an AACR Young Investigator Award, an NCI-EORTC fellowship and an ASCO Career Development Award. He has served on the editorial board of the Journal of Clinical Oncology and Clinical Cancer Research and is a Senior Editor for Molecular Cancer Therapeutics. Dr. Hidalgo has chaired the AACR and ASCO Program Committee in developmental therapeutics on numerous occasions and is frequently invited to speak at major national and international meetings. He chairs the Pancreatic Cancer Research Team, a nonprofit organization focused on clinical, trials in pancreatic cancer, and is also a member of the NCI Developmental Therapeutics

Study. Dr. Hidalgo's laboratory has been involved in the development of the Champions Biotechnology's BPU sulfur analog compounds. He is one of the inventor's of the BPU sulfur analog compounds that the Company acquired in February 2007.

**Durwood C. Settles**, age 64, has served as Treasurer since June 2007 and Director of the Company since March 2001. Mr. Settles is a former Certified Public Accountant in individual practice since 1983. From 1973 to 1982, Mr. Settles was with Coopers & Lybrand in Washington, DC as a member of the audit staff and as Manager-Special Projects. During the period 1974 to 1986, Mr. Settles served as Controller or Treasurer of the various political campaign organizations of Congressman Richard A. Gephardt of Missouri, Governor Charles S. Robb of Virginia, and Congressman Joseph L. Fisher of Virginia. From 1970 to 1973, Mr. Settles was an owner and executive of a company that manufactured and sold Plexiglas furniture located in Kensington, Maryland. From 1966 to 1969, Mr. Settles was a promoter of popular music concerts in various cities in the Eastern and Southern United States. From 1964 to 1966, Mr. Settles was a Group Pension Management Assistant and Computer Files Service Supervisor with the Mutual of New York Life Insurance Company (MONY) in New York, New York. Mr. Settles received a Bachelor of Arts degree in 1964 from Davidson College, Davidson, North Carolina and completed accounting studies in 1973 at George Washington University, Washington, D.C.

**Michael M. Tomic**, age 61, has served as a Director of the Company since its inception on June 4, 1985. From June 1985 to January 1986, he also served as Vice President of the Company. For the past five years Mr. Tomic has been a business consultant. From 1983 to 1987, Mr. Tomic was a partner along with Mr. Martell in Tomar Associates, a consulting company specializing in European-American joint ventures, venture capital financing, technology transfer, and corporate finance. He received a Bachelor of Science degree in International Marketing and Economics in 1969 from the University of Maryland.

The term of office of each Director is until the next annual election of Directors and until a successor is elected and qualified or until the Director's earlier death, resignation or removal.

#### Board Committees

As the Board of Directors only has four directors and the Company has only one officer, no audit or nominating committee has been established. Currently, all members of the Company's Board of Directors participate in discussions concerning executive officer compensation.

#### Code of Ethics

The Company has not adopted a formal code of ethics applicable to the Company's principal executive, financial, and accounting officers and persons performing similar functions, since the Company has only one individual in the applicable role and the Company believes that its financial operations are not sufficiently complex to warrant adoption of a formal code of ethics.

#### Item 10. Executive Compensation.

The following sets forth information for the most recently completed fiscal year concerning the compensation of (i) the Chief Executive Officer and (ii) all other executive officers who earned in excess of \$100,000 in salary and bonus in the fiscal year ended April 30, 2007.

#### SUMMARY COMPENSATION TABLE

| Name and Principal Position  | Year | Salary (\$)     | Bonus (\$) | Stock Award (\$) | Option Awards (\$) | Nonqualified                                |                                     | All Other Compensation (\$) | Total (\$) |
|--|------|-----------------|------------|------------------|--------------------|---|-------------------------------------|-----------------------------|------------|
|  |      |                 |            |                  |                    | Non-Equity Incentive Plan Compensation (\$) | Deferred Compensation Earnings (\$) |                             |            |
| James M. Martell<br>Chairman, President,<br>and Chief Executive<br>Officer, Chief Financial<br>Officer | 2007 | (1)<br>\$64,052 | -          | -                | -                  | -   | -                                   | (1)<br>-                    | \$64,052   |

(1) All of the salary was accrued. The Company, on January 12, 2005, was advised by the Securities and Exchange Commission, upon its review of the Company's filing of the Form 10-KSB for the year ended April 30, 2004, that when an executive officer, who is also a significant shareholder of the company, contributes his services to the company, the fair value of those services should be reflected as expense on the books

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of the Company. Consequently, 10-KSB filings were revised and reflect the action taken by the Company to accrue the salary of its executive officer, Mr. Martell, pursuant to the salary rate in his employment agreement in FY 2004 and pursuant to a reduced salary in FY 2006 and FY 2007. For FY 2004, \$98,667 was accrued, for FY 2005, \$148,000 was accrued, for FY 2006, \$73,933 was accrued and for FY 2007, \$64,052 was accrued. No cash compensation has been paid to Mr. Martell since 2003.

In FY 2007, all executive officers of the Company as a group (one in number) received no cash compensation. Effective January 2004, payments of salaries to all executive officers were suspended in order to preserve the Company's cash position to be resumed when the cash position of the Company improves. The Board of Directors has the right to change and increase the compensation of executive officers at any time. The Company has no arrangement by which any of its directors are compensated for services solely as directors, and these individuals do not receive any additional remuneration for their services as directors. The Company may from time to time pay consulting fees to its officers and directors.



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The Company has no compensatory plan or arrangement which would result in executive officers receiving compensation as a result of their resignation, retirement or any other termination of employment with the Company or its affiliates, or from a change in control of the Company or a change in responsibilities following a change in control of the Company.

On January 15, 2007, the Company issued fifty thousand shares of restricted stock to Durwood Settles, Director of the Company, exercisable over a five year period, based on a fair value exercise price on the date of issuance (\$0.17), exercisable through January 15, 2012, and vesting one year from the date of issuance.

There were no options granted to officers or directors in FY 2006.

### Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

As of August 13, 2007, the following were persons known to the Company to own beneficially more than 5% of the Company's outstanding Common Stock:

| Name and Address of Beneficial Owner  | Common Stock Beneficially Owned (1) | Percentage of Common Stock |
|---|-------------------------------------|----------------------------|
| Dr. David Sidransky<br>1550 Orleans Street<br>Baltimore, MD 21231           | 10,800,000                          | 34.2                       |
| James M. Martell<br>2200 Wilson Blvd., Suite 102-316<br>Arlington, VA 22201 | 9,548,000                           | 30.2                       |
| Dr. Manuel Hidalgo<br>1550 Orleans Street<br>Baltimore, MD 21231            | 2,562,500                           | 8.1                        |

(1) Beneficial Ownership includes shares for which an individual, directly or indirectly, has or shares, or has the right within 60 days to have or share, voting or investment power or both. Beneficial ownership as reported in the above table has been determined in accordance with Rule 13d-3 of the Exchange Act.

As of August 13, 2007, the stock ownership by officers and directors of the Company and all officers and directors as a group are as follows:

| Name                                | Title                         | Common Stock Beneficially Owned as of July 15, 2007 (1) | Percentage |
|-------------------------------------|-------------------------------|---|------------|
| James M. Martell                    | Chairman, CEO, President      | 9,548,000   | 30.2       |
| Dr. David Sidransky                 | Director                      | 10,800,00   | 34.2       |
| Dr. Manuel Hidalgo                  | Director , Scientific Advisor | 2,562,500   | 8.1        |
| Michael M. Tomic                    | Director                      | 225,000   | 0.7        |
| Durwood Settles                     | Director                      | 0   | 0.0        |
| All Officers & Directors as a group |                               | 23,135,500  | 73.2       |

(1) Beneficial Ownership includes shares for which an individual, directly or indirectly, has or shares, or has the right within 60 days to have or share, voting or investment power or both. Beneficial ownership as reported in the above table has been determined in accordance with Rule 13d-3 of the Exchange Act.

Compliance with Section 16(a).

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Section 16(a) of the Exchange Act, as amended, requires the Company's executive officers, directors and persons who beneficially own more than 10% of the Company's common stock to file reports of their beneficial ownership and changes in ownership (Forms 3, 4 and 5, and any amendment thereto) with the SEC. Executive officers, directors, and greater-than-ten percent holders are required to furnish the Company with copies of all Section 16(a) forms they file. Based on the Company's review of the activity of the officers and directors for the fiscal year ended April 30, 2007, the Company believes that reports pursuant to Section 16(a) were filed.

**Item 12. Certain Relationships and Related Transactions.**

During FY 2007, the Company received, for working capital needs, advances, totaling \$43,693, due on demand and without interest, from James Martell, President and CEO of the Company.

**Item 13. Exhibits and Reports on Form 8-K.**

(a) Index to Financial Statements PAGE

Independent Auditors' Reports F-1 - 18

(b) Reports on Form 8-K

On February 16, 2007, the Company filed an 8-K stating that the Company acquired all of the patent rights underlying pending U.S. Patent Application no. 11/673,519 and corresponding international patent application (PCT/US2006/014449) filed under the Patent Cooperation Treaty (PCT), both entitled "Design and Synthesis of Novel Tubulin Polymerization Inhibitors: Benzoylphenylurea (BPU) Sulfur Analogs." The acquisition represented the commencement of the Company's strategy to develop a biotechnology business based on therapeutic drug candidates, among other possible ventures. The purchase price for the patent rights consisted of an aggregate of up to 550,000 restricted shares of common stock, of which 300,000 restricted shares were issued upon execution of the acquisition agreement and 250,000 restricted shares are issuable upon the issuance of one of patents based on U.S. Patent Application no. 11/673,519.

**Item 14. Principal Accountant Fees and Services.**

The following is a summary of the fees billed to the Company by its principal accountants during the fiscal years ended April 30, 2007, and April 30, 2006:

| Fee Category       | FY 2007  | FY 2006  |
|--------------------|----------|----------|
| Audit fees         | \$8,000  | \$8,000  |
| Audit-related fees | \$4,500  | \$4,500  |
| Tax fees           | \$0      | \$0      |
| All other fees     | \$0      | \$0      |
| Total fees         | \$12,500 | \$12,500 |

Audit fees. Consists of fees for professional services rendered by our principal accountants for the audit of the annual financial statements.

Audit-related fees. Consists of fees for assurance and related services by our principal accountants that are reasonably related to the performance of the audit or review of financial statements and are not reported under "Audit fees."

Tax fees. Consists of fees for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning.

All other fees. Consists of fees for products and services provided by our principal accountants, other than the services reported under "Audit fees," "Audit-related fees" and "Tax fees" above.

Audit Committee Policies and Procedures.

The Company does not have an audit committee at this time.

**CHAMPIONS BIOTECHNOLOGY, INC.  
FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2007 AND 2006**

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**CHAMPIONS BIOTECHNOLOGY, INC.**  
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**  
**APRIL 30, 2007 AND 2006**

**CONSOLIDATED FINANCIAL STATEMENTS:**

|  |         |
|--|---------|
| Report of Independent Registered Public Accounting Firm  | F1      |
| Consolidated Balance Sheet as of April 30, 2007 and 2006                                       | F2      |
| Consolidated Statements of Operations for the Years<br>Ended April 30, 2007 and 2006           | F3      |
| Consolidated Statement of Stockholders' Deficit for the<br>Years ended April 30, 2007 and 2006 | F4      |
| Consolidated Statements of Cash Flows for the Years Ended<br>April 30, 2007 and 2006           | F5      |
| Notes to Consolidated Financial Statements   | F6- F19 |

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Stockholders  
Champions Biotechnology, Inc. and Subsidiaries  
Arlington, Virginia 22201

We have audited the accompanying consolidated balance sheets of Champions Biotechnology, Inc. and Subsidiaries as of April 30, 2007 and 2006 and the related consolidated statements of operations, changes in stockholders' deficit, and cash flow for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Champions Biotechnology, Inc. and Subsidiaries as of April 30, 2007 and 2006 and the results of its operations, changes in stockholders' deficit, and their cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements for the years ended April 30, 2007 and 2006 have been prepared assuming that the Company will continue as a going concern. As discussed in Note 8 to the consolidated financial statements, the Company has sustained operating losses and capital deficits that raise substantial doubt about its ability to continue as a going concern. Management's operating and financing plans in regard to these matters are also discussed in Note 8. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

/s/ BAGELL, JOSEPHS, LEVINE & COMPANY, L.L.C.  
Bagell, Josephs, Levine & Company, L.L.C.  
Gibbsboro, New Jersey

August 10, 2007

MEMBER OF: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS  
PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**CHAMPIONS BIOTECHNOLOGY, INC.**  
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**FOR THE YEARS ENDED APRIL 30, 2007 AND 2006**

| <b>ASSETS</b>   |             |                  |             |                  |
|---|-------------|------------------|-------------|------------------|
|   | <b>2007</b> |                  | <b>2006</b> |                  |
| <b>CURRENT ASSETS</b>   |             |                  |             |                  |
| Cash and cash equivalents                                     | \$          | 3,758            | \$          | 540              |
| <b>Total Current Assets</b>                                   |             | <b>3,758</b>     |             | <b>540</b>       |
| Intangibles assets  |             | 180,000          |             | -                |
| <b>TOTAL ASSETS</b>   | <b>\$</b>   | <b>183,758</b>   | <b>\$</b>   | <b>540</b>       |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>                  |             |                  |             |                  |
| <b>CURRENT LIABILITIES</b>                                    |             |                  |             |                  |
| Accounts payable  | \$          | 49,736           | \$          | 33,251           |
| Dividend payable on preferred stock                           |             | -                |             | 350,460          |
| Other accrued expenses  |             | 351,394          |             | 287,342          |
| Short-term notes payable and advances                         |             | 43,693           |             | -                |
| <b>Total current liabilities</b>                              |             | <b>444,823</b>   |             | <b>671,053</b>   |
| <b>COMMITMENTS AND CONTINGENCIES</b>                          |             |                  |             |                  |
| <b>STOCKHOLDERS' DEFICIT</b>                                  |             |                  |             |                  |
| Preferred stock, \$10 par value; 56,075 shares authorized;    |             |                  |             |                  |
| 0 and 32,450 shares issued and outstanding                    |             | -                |             | 324,500          |
| Common stock, \$.001 par value; 50,000,000 shares authorized; |             |                  |             |                  |
| 27,624,658 and 16,824,658 shares issued and outstanding       |             | 27,625           |             | 16,825           |
| Additional paid-in capital                                    |             | 6,848,693        |             | 5,922,349        |
| Accumulated deficit   |             | (7,104,245)      |             | (6,934,187)      |
|   |             | (227,927)        |             | (670,513)        |
| Less: prepaid consulting                                      |             | (33,138)         |             | -                |
| <b>Total stockholders' deficit</b>                            |             | <b>(261,065)</b> |             | <b>(670,513)</b> |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>            | <b>\$</b>   | <b>183,758</b>   | <b>\$</b>   | <b>540</b>       |

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

**CHAMPIONS BIOTECHNOLOGY, INC**  
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED APRIL 30, 2007 AND 2006**

|   | <u>2007</u>         | <u>2006</u>         |
|---|---------------------|---------------------|
| <b>OPERATING REVENUE</b>                          |                     |                     |
| Sales   | \$ -                | \$ -                |
| <b>Total operating revenue</b>                    | <b>-</b>            | <b>-</b>            |
| <b>COSTS AND OPERATING EXPENSES</b>               |                     |                     |
| General and administrative                        | 170,058             | 144,117             |
| <b>Total costs and operating expenses</b>         | <b>170,058</b>      | <b>144,117</b>      |
| <b>LOSS BEFORE DISCONTINUED OPERATIONS</b>        | <b>(170,058)</b>    | <b>(144,117)</b>    |
| <b>DISCONTINUED OPERATIONS</b>                    |                     |                     |
| Loss from discontinued operations (net of taxes)  | -                   | (17,081)            |
| Loss on disposal of assets                        | -                   | (142,520)           |
| <b>Total discontinued operations</b>              | <b>-</b>            | <b>(159,601)</b>    |
| <b>LOSS BEFORE PROVISION FOR INCOME TAXES</b>     | <b>(170,058)</b>    | <b>(303,718)</b>    |
| Provision for income taxes                        | -                   | -                   |
| <b>NET LOSS APPLICABLE TO COMMON STOCKHOLDERS</b> | <b>\$ (170,058)</b> | <b>\$ (303,718)</b> |
| <b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>    | <b>\$ (0.01)</b>    | <b>\$ (0.02)</b>    |
| <b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>        | <b>20,459,726</b>   | <b>16,824,658</b>   |

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



**CHAMPIONS BIOTECHNOLOGY, INC.**  
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**  
**FOR THE YEARS ENDED APRIL 30, 2007 AND 2006**

| Series A, 12%   |                 |            |              |           |              |                |              |
|---|-----------------|------------|--------------|-----------|--------------|----------------|--------------|
| Convertible Cumulative  |                 |            |              |           |              |                |              |
|   | Preferred Stock |            | Common Stock |           | Paid-in      | Accumulated    | Total        |
|   | Shares          | Amount     | Shares       | Amount    | Capital      | Deficits       |              |
| Balance, April 30, 2005   | 32,450          | \$ 324,500 | 16,824,658   | \$ 16,825 | \$ 5,922,349 | \$ (6,630,469) | \$ (366,795) |
| Net loss  | -               | -          | -            | -         | -            | (303,718)      | (303,718)    |
| Balance, April 30, 2006   | 32,450          | \$ 324,500 | 16,824,658   | \$ 16,825 | \$ 5,922,349 | \$ (6,934,187) | \$ (670,513) |
| Issued 1,000,000 common shares and 1,000,000 warrants in exchange for 32,450 preferred shares | (32,450)        | (324,500)  | 1,000,000    | 1,000     | 673,960      | -              | 350,460      |
| Issued common stock for cash  | -               | -          | 7,000,000    | 7,000     | 21,000       | -              | 28,000       |
| Issued common stock for cash  | -               | -          | 2,500,000    | 2,500     | 7,500        | -              | 10,000       |
| Issued Common stock for patents rights  | -               | -          | 300,000      | 300       | 179,700      | -              | 180,000      |
| Stock issued for consulting services (prepaid consulting)                                     | -               | -          | -            | -         | 44,184       | -              | 44,184       |
| Net loss  | -               | -          | -            | -         | -            | (170,058)      | (170,058)    |
| Balance, April 30, 2007   | -               | \$ -       | 27,624,658   | \$ 27,625 | \$ 6,848,693 | \$ (7,104,245) | \$ (227,927) |

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

**CHAMPIONS BIOTECHNOLOGY, INC**  
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED APRIL 30, 2007 AND 2006**

|  | 2006            | 2005             |
|--|-----------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                 |                  |
| <b>Continuing Operations:</b>  |                 |                  |
| Net loss   | \$ (170,058)    | \$ (144,117)     |
| <b>Adjustments to reconcile net loss to net cash used in operating activities:</b>     |                 |                  |
| Increase (decrease) in accounts payable  | 16,485          | (36,219)         |
| Increase in other accrued expenses   | 64,052          | 73,933           |
| Amortization of prepaid consulting services  | 11,046          | -                |
| Total adjustments  | 91,583          | 37,714           |
| <b>Net cash (used in) operating activities - operations</b>                            | <b>(78,475)</b> | <b>(106,403)</b> |
| <b>Discontinued Operations:</b>  |                 |                  |
| Loss from discontinued operations  | -               | (159,601)        |
| <b>Adjustments to reconcile net loss to net cash provided by operating activities:</b> |                 |                  |
| Loss on disposal of assets   | -               | 142,520          |
| <b>Changes in assets and liabilities</b>   |                 |                  |
| Decrease in inventories  | -               | 18,459           |
| Decrease in deposits   | -               | 11,052           |
| Total adjustments  | -               | 172,031          |
| <b>Net cash provided by operating activities - discontinued operations</b>             | <b>-</b>        | <b>12,430</b>    |
| <b>Net cash used in operating activities - continuing and discontinued operations</b>  | <b>(78,475)</b> | <b>(93,973)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                 |                  |
| <b>Continuing Operations:</b>  |                 |                  |
| Proceeds from officers loan payable  | 43,693          | -                |
| Proceeds from sale of common stock   | 38,000          | -                |
| <b>Discontinued Operations:</b>  |                 |                  |
| Proceeds from sale of assets   | -               | 10,000           |
| <b>Net cash provided by investing activities</b>                                       | <b>81,693</b>   | <b>10,000</b>    |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                            | <b>3,218</b>    | <b>(83,973)</b>  |

|  |    |       |        |
|--|----|-------|--------|
| <b>CASH AND CASH EQUIVALENTS -</b>             |    |       |        |
| <b>BEGINNING OF YEAR</b>                       |    | 540   | 84,513 |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b> | \$ | 3,758 | \$ 540 |

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

|                                |    |       |      |
|--------------------------------|----|-------|------|
| Cash paid during the year for: |    |       |      |
| Interest paid                  | \$ | 3,287 | \$ - |
| Income Tax Paid                | \$ | -     | \$ - |

**SUPPLEMENTAL SCHEDULE OF NON-CASH FLOW INVESTING AND FINANCING ACTIVITIES:**

In January 2007, the company issued 340,000 stock-options for prepaid consulting services valued at \$44,184.

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

**CHAMPIONS BIOTECHNOLOGY, INC.  
FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2007 AND 2006**

**NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION**

Champions Biotechnology, Inc., (the "Company") is a biotechnology company that intends to engage in the acquisition and early stage development of a portfolio of new therapeutic drug candidates and also the acquisition and development of novel technologies that the Company hopes will improve methods of and approaches to disease treatment.

The Company was incorporated under the laws of the State of Delaware in June 1985 as a merger and acquisition company under the name "International Group, Inc." In September 1985, the Company completed a public offering, and in January 1986, acquired the world-wide rights to the Champions sports theme restaurant concept and subsequently changed its name to "Champions Sports, Inc." In 1997, the Company sold its Champions service mark and concept for sports themed restaurants to Marriott International, Inc. and since then until January 2007, had been seeking a new business direction. In January 2007, the Company changed its name to Champions Biotechnology, Inc. to reflect the decision of the Company to focus on biotechnology as its new business approach.

These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management, are necessary for fair presentation of the information contained herein.

The Company has reclassified its financial statements to take effect for the disposal of its only operating business.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany transactions have been eliminated in consolidation.

**CHAMPIONS BIOTECHNOLOGY, INC.  
FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
APRIL 30, 2007 AND 2006**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed from the date property is placed in service using the straight-line method over estimated useful lives as follows:

|                         | Life                        |
|-------------------------|-----------------------------|
| Furniture and equipment | 5-15 years                  |
| Leasehold improvements  | Remaining term of the lease |

Depreciation expense was \$0 for the years ended April 30, 2007 and 2006, respectively.

**Intangible Assets**

Intangible assets represent costs incurred for patent applications. The costs incurred were valued at the fair value of the stock at the time of issuance. The Company will establish its estimated useful life upon approval of the application, which will begin the period of amortization of its cost. The Company will estimate the fair value of this asset annually.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

**Net Loss Per Share**

Historical net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share (EPS) include additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents were not included in the computation of diluted earnings per share when the Company reported a loss because to do so would be antidilutive for periods presented.

**CHAMPIONS BIOTECHNOLOGY, INC.**  
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**APRIL 30, 2007 AND 2006**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The following is a reconciliation of the computation for basic and diluted EPS:

|   | <b>April 30,<br/>2007</b> | <b>April 30,<br/>2006</b> |
|---|---------------------------|---------------------------|
| Net loss  | \$ (170,058)              | \$ (303,718)              |
| Weighted-average common shares<br>outstanding (basic)   | 20,459,726                | 16,824,658                |
| Weighted-average common stock<br>Equivalents            |                           |                           |
| Stock options   | -                         | -                         |
| Warrants  | -                         | -                         |
| Weighted-average common shares<br>outstanding (diluted) | 20,459,726                | 16,824,658                |

Options and warrants outstanding to purchase stock were not included in the computation of diluted EPS for April 30, 2007 and 2006 because inclusion would have been antidilutive.

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flow, the Company considers all highly liquid debt instruments purchased with a maturity of six months or less, unless restricted as to use, to be cash equivalents. At various times throughout the years the Company had amounts on deposit at financial institutions in excess of federally insured limits.

**CHAMPIONS BIOTECHNOLOGY, INC.  
FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
APRIL 30, 2007 AND 2006**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Company has adopted the provisions of Statement of Financial Accounting Standards No. 109 (the Statement), Accounting for Income Taxes. The Statement requires an asset and liability approach for financial accounting and reporting for income taxes, and the recognition of deferred tax assets and liabilities for the temporary differences between the financial reporting bases and tax bases of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled.

**Fair Value of Financial Instruments**

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, accounts payable, and accrued expenses, officer loans payable approximate fair values because of the short maturities of these instruments.

**Stock-Based Compensation**

Employee stock awards under the Company's compensation plans are accounted for in accordance with Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees", and related interpretations. The Company provides the disclosure requirements of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("FAS 123"), and related interpretations. Stock-based awards to non-employees are accounted for under the provisions of FAS 123 and has adopted the enhanced disclosure provisions of FAS No. 148 "Accounting for Stock-Based Compensation- Transition and Disclosure, an amendment of FAS No. 123".

The Company measures compensation expense for its employee stock-based compensation using the intrinsic-value method. Under the intrinsic-value method of accounting for stock-based compensation, when the exercise price of options granted to employees is less than the estimated fair value of the underlying stock on the date of grant, deferred compensation is recognized and is amortized to compensation expense over the applicable vesting period. In each of the periods presented, the vesting period was the period in which the options were granted.

**CHAMPIONS BIOTECHNOLOGY, INC.  
FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
APRIL 30, 2007 AND 2006**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Stock-Based Compensation (Continued)**

The Company measures compensation expense for its non-employee stock-based compensation under the Financial Accounting Standards Board (FASB) Emerging Issues Task Force (EITF) Issue No. 96-18, "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services". The fair value of the option issued is used to measure the transaction, as this is more reliable than the fair value of the services received. The fair value is measured at the value of the Company's common stock on the date that the commitment for performance by the counterparty has been reached or the counterparty's performance is complete. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital.

**Recent Accounting Pronouncements**

Statement of Financial Accounting Standards No. 123 (Revised 2004), "Share-Based Payment" ("SFAS 123R"). SFAS 123R requires that compensation cost related to share-based payment transactions be recognized in the financial statements. Share-based payment transactions within the scope of SFAS 123R include stock options, restricted stock plans, performance-based awards, stock appreciation rights, and employee share purchase plans. The provisions of SFAS 123R, as amended, are effective for small business issuers beginning as of the next fiscal year after December 15, 2005. Accordingly, the Company has implemented the revised standard in the first quarter of fiscal year 2007.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." SFAS No. 154 replaces Accounting Principles Board ("APB") Opinion No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements." SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. APB No. 20 previously required that most voluntary changes in accounting principle be recognized by including the cumulative effect of changing to the new accounting principle in net income in the period of the change. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of SFAS No. 154 did not have a material impact on the Company's financial position, results of operations, or cash flows.



**CHAMPIONS BIOTECHNOLOGY, INC.**  
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**APRIL 30, 2007 AND 2006**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements (Continued)**

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." SFAS No. 154 replaces Accounting Principles Board ("APB") Opinion No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements." SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. APB No. 20 previously required that most voluntary changes in accounting principle be recognized by including the cumulative effect of changing to the new accounting principle in net income in the period of the change. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of SFAS No. 154 did not have a material impact on the Company's financial position, results of operations, or cash flows.

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments, an amendment of FASB Statements No. 133 and 140." SFAS No. 155 resolves issues addressed in SFAS No. 133 Implementation Issue No. D1, "Application of Statement 133 to Beneficial Interests in Securitized Financial Assets," and permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133, establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation, clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives and amends SFAS No. 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of the first fiscal year that begins after September 15, 2006. The adoption of FAS 155 is not anticipated to have a material impact on the Company's financial position, results of operations, or cash flows.

**CHAMPIONS BIOTECHNOLOGY, INC.  
FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
APRIL 30, 2007 AND 2006**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements (Continued)**

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments, an amendment of FASB Statements No. 133 and 140." SFAS No. 155 resolves issues addressed in SFAS No. 133 Implementation Issue No. D1, "Application of Statement 133 to Beneficial Interests in Securitized Financial Assets," and permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133, establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation, clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives and amends SFAS No. 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of the first fiscal year that begins after September 15, 2006. The adoption of FAS 155 is not anticipated to have a material impact on the Company's financial position, results of operations, or cash flows.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets, an amendment of FASB Statement No. 140." SFAS No. 156 requires an entity to recognize a servicing asset or liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract under a transfer of the servicer's financial assets that meets the requirements for sale accounting, a transfer of the servicer's financial assets to a qualified special-purpose entity in a guaranteed mortgage securitization in which the transferor retains all of the resulting securities and classifies them as either available-for-sale or trading securities in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" and an acquisition or assumption of an obligation to service a financial asset that does not relate to financial assets of the servicer or its consolidated affiliates.

**CHAMPIONS BIOTECHNOLOGY, INC.  
FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
APRIL 30, 2007 AND 2006**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements (Continued)**

Additionally, SFAS No. 156 requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, permits an entity to choose either the use of an amortization or fair value method for subsequent measurements, permits at initial adoption a one-time reclassification of available-for-sale securities to trading securities by entities with recognized servicing rights and requires separate presentation of servicing assets and liabilities subsequently measured at fair value and additional disclosures for all separately recognized servicing assets and liabilities. SFAS No. 156 is effective for transactions entered into after the beginning of the first fiscal year that begins after September 15, 2006. The adoption of FAS 156 is not anticipated to have a material impact on the Company's financial position or results of operations.

In September 2006, The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurement" ("SFAS No. 157"). This standard provides guidance for using fair value to measure assets and liabilities. SFAS No. 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances. Prior to SFAS No. 157, the methods for measuring fair value were diverse and inconsistent, especially for items that are not actively traded. The standard clarifies that for items that are not actively traded, such as certain kinds of derivatives, fair value should reflect the price in a transaction with a market participant, including an adjustment for risk, not just the company's mark-to-model value. SFAS No. 157 also requires expanded disclosure of the effect on earnings for items measured using unobservable data. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the impact of this statement on its financial statements and expects to adopt SFAS No.157 on December 31, 2007.

**CHAMPIONS BIOTECHNOLOGY, INC.  
FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
APRIL 30, 2007 AND 2006**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements (Continued)**

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans -- An Amendment of FASB Statements No. 87, 88, 106, and 132R." This standard requires an employer to: (a) recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year (with limited exceptions); and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. Those changes will be reported in comprehensive income. The requirement to recognize the funded status of a benefit plan and the disclosure requirements are effective as of the end of the fiscal year ending after December 15, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. The Company is evaluating the impact of this statement on its financial statements and believes that such impact may be material.

**NOTE 3- COMMITMENTS AND CONTINGENCIES**

**Operating leases**

The Company lease, as tenant, restaurant space under an operating lease, which expired June 30, 2005 and was not renewed. The lease escalated for increases in the landlord's expenses for increases in the Consumer Price Index, and required additional rentals based on a percentage of restaurant sales over a defined amount. The lease granted the Company certain concessions, which were amortized to lease expense over the term of the lease.

Rental expense during the year ended April 30, 2007 and 2006 was \$420 and \$43,132, respectively.

**CHAMPIONS BIOTECHNOLOGY, INC.  
FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
APRIL 30, 2007 AND 2006**

**NOTE 4- MARRIOTT LICENSE**

The Company was an exclusive supplier of sports memorabilia and a consultant to all new Champions Sports Bars located in Marriott and Renaissance Hotels worldwide. This agreement was terminated by Marriott effective May 28, 2005.

**NOTE 5- OTHER ACCRUED EXPENSES**

This account represents accrued officer's payroll and related payroll taxes.

**NOTE 6- OFFICER LOANS PAYABLE**

For the year ended April 30, 2007, the Company received working capital advances from an officer of the Company which are due on demand without interest.

**NOTE 7- STOCKHOLDERS' DEFICIT**

**Common Stock**

The Company has 50,000,000 shares authorized and 27,624,658 shares issued and outstanding at April 30, 2007.

There were 10,800,000 shares of common stock issued during the year ended April 30, 2007 and 0 in 2006.

During the year ended April 30, 2007, the Company issued 9,500,000 shares of restricted stock for cash of \$38,000.

In October 2006, the Company issued 1,000,000 shares of common stock, a five-year warrant to purchase up to 500,000 shares of common stock at an exercise price of \$0.15 per share, and a five-year warrant to purchase up to 500,000 shares of common stock at an exercise price of \$0.25 per share in exchange for the cancellation of all the \$32,450 shares of preferred stock outstanding and the waiver of all accrued and unpaid dividends on such shares which totaled \$350,460.

On February 14, 2007 the Company acquired all of the patent rights underlying a pending U.S. Patent Application. The purchase price for the patent rights consisted of an aggregate of up 550,000 restricted shares of common stock, of which 300,000 were issued to four individuals upon execution of the acquisition agreement and 250,000 restricted shares are

**CHAMPIONS BIOTECHNOLOGY, INC.  
FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
APRIL 30, 2007 AND 2006**

**NOTE 7- STOCKHOLDERS' DEFICIT (CONTINUED)**

**Common Stock (Continued)**

issuable upon the issuance of the patent based on the U.S. Patent Application.

**Preferred Stock**

The Company has 56,075 shares of preferred stock authorized and 0 shares issued and outstanding at April 30, 2007.

There were no issuances of preferred stock during the year ended April 30, 2007. The 32,450 shares as of July 31, 2006 were cancelled in October 2006.

**Stock Options**

On January 15, 2007, the Company entered into various agreements with consultants to issue three hundred and forty thousand options, exercisable over a five year period based on a fair value exercise price on the date of issuance (\$0.17) exercisable expiring through January 15, 2012 for services to be rendered in one year. The options vest on January 15, 2008 and have been valued at \$44,184 using the Black-Scholes Model with an annualized volatility rate of 100% and a bond interest rate of 4.43%. Amortization expense for services rendered was \$11,046 for the year ended April 30, 2007.

**Warrants**

As noted above, in October 2006, the Company issued 1,000,000 shares of common stock, a five-year warrant to purchase up to 500,000 shares of common stock at an exercise price of \$0.15 per share, and a five-year warrant to purchase up to 500,000 shares of common stock at an exercise price of \$0.25 per share in exchange for the cancellation of all the 32,450 shares of preferred stock outstanding and the waiver of all accrued and unpaid dividends on such shares which totaled \$350,460. The warrants were valued using the Black-Scholes pricing model using the following assumptions: interest rate 4.43%, dividend yield 0%, volatility 100% and expected life of five years.

**CHAMPIONS BIOTECHNOLOGY, INC.  
FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
APRIL 30, 2007 AND 2006**

**NOTE 7- STOCKHOLDERS' DEFICIT (CONTINUED)**

**Warrants (Continued)**

The Company has the following warrants outstanding for the purchase of its common stock:

| Exercise Price | Expiration Date                 | Year Ended April 30,<br>2007 |
|----------------|---------------------------------|------------------------------|
| \$0.15         | January 15, 2012                | 500,000                      |
| \$0.25         | January 15, 2012                | 500,000                      |
|                |                                 | 1,000,000                    |
|                | Weighted Average exercise price | \$0.20                       |

As of April 30, 2007, none of the warrants are exercisable.

There were no warrants outstanding for the year ended April 30, 2006.

**NOTE 8- GOING CONCERN**

As shown in the accompanying condensed consolidated financial statements, the Company has sustained net operating losses for the years ended April 30, 2007 and 2006 and has sustained large accumulated deficits that raise substantial doubt about its ability to continue as a going concern.

The Company's future success is dependent upon its ability to achieve profitable operations and generate cash from operating activities, and upon additional financing. There is no guarantee that the Company will be able to raise enough capital or generate revenues to sustain its operations.

The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**CHAMPIONS BIOTECHNOLOGY, INC.**  
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**APRIL 30, 2007 AND 2006**

**NOTE 9- PROVISION FOR INCOME TAXES**

Deferred income taxes will be determined using the liability method for the temporary differences between the financial reporting basis and income tax basis of the Company's assets and liabilities. Deferred income taxes will be measured based on the tax rates expected to be in effect when the temporary differences are included in the Company's consolidated tax return. Deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases.

At April 30, 2007 and 2006, deferred tax assets consist of the following:

|                           | <u>2007</u>  | <u>2006</u>  |
|---------------------------|--------------|--------------|
| Deferred tax asset        | \$ 2,467,155 | \$ 2,426,965 |
| Less: valuation allowance | (2,467,155)  | (2,426,965)  |
| Net deferred tax asset    | \$ -0-       | \$ -0-       |

At April 30, 2007 and 2006, the Company had federal net operating loss carryforwards in the approximate amounts of \$7,049,015 and \$6,934,187 available to offset future taxable income. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

**NOTE 10- DISPOSAL OF BUSINESS**

On June 23, 2005, the Company ceased operations for its only sports bar located in San Antonio, Texas. Fixed assets with a net book value of \$152,520 were sold for \$10,000 and inventory consisting of primarily restaurant food and beverage was sold for \$3,200. The Company's consolidated financial statements have been reclassified to reflect this sale as discontinued operations, for all periods presented. Summarized operating results of discontinued operations are as follows:



**CHAMPIONS BIOTECHNOLOGY, INC.**  
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**APRIL 30, 2007 AND 2006**

**NOTE 10- DISPOSAL OF BUSINESS (CONTINUED)**

|                              | April 30,<br>2007 | April 30,<br>2006 |
|------------------------------|-------------------|-------------------|
| Revenues                     | \$ -              | \$ 274,626        |
| Net loss before income taxes | \$ -              | \$ (159,601)      |
| Provision for taxes          | \$ -              | \$ -              |
| Net loss                     | \$ -              | \$ (159,601)      |
| Net loss per share           | \$ -              | \$ (0.01)         |
| Diluted loss per share       | \$ -              | \$ (0.01)         |

**NOTE 11- SUBSEQUENT EVENT**

On May 18, 2007, the Registrant entered into an Agreement and Plan of Merger with Biomerk, Inc., a privately owned company. Biomerk, Inc. is focused on generating a novel preclinical platform of human cancer tumor immune-deficient mice xenografts (Biomerk Tumorgrafts™). Biomerk, Inc. has several patent applications relating to xenograft models used for identifying potentially active chemotherapeutic agents. The Registrant issued 4,000,000 shares of its common stock to acquire Biomerk, Inc.

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHAMPIONS BIOTECHNOLOGY, INC.

By: /s/ James M. Martell  
James M. Martell  
Chairman, President, CEO and CFO  
Date: August 13, 2007

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Durwood C. Settles  
Durwood C. Settles  
Treasurer, Director  
Date: August 13, 2007

By: /s/ Manuel Hidalgo  
Manuel Hidalgo  
Director  
Date: August 13, 2007

By: /s/ David Sidransky  
David Sidransky  
Director  
Date: August 13, 2007

By: Michael M. Tomic  
Michael M. Tomic  
Director  
Date: August 13, 2007

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

**Section 302 Certification**

I, JAMES M. MARTELL, certify that:

(1) I have reviewed this annual report on Form 10-KSB of CHAMPIONS BIOTECHNOLOGY, INC., a Delaware corporation (the "registrant");

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

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

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

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

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and (c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

(6) The registrant's other certifying officers and I have indicated in this annual 10-KSB report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 13, 2007

By: /s/ James M. Martell  
James M. Martell  
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

**Section 302 Certification**

I, JAMES M. MARTELL, certify that:

(1) I have reviewed this annual report on Form 10-KSB of CHAMPIONS BIOTECHNOLOGY, INC., a Delaware corporation (the "registrant");

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

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

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

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

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the registrant's board of directors (or persons performing the equivalent function): (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

(6) The registrant's other certifying officers and I have indicated in this annual 10-KSB report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 13, 2007

By: /s/ James M. Martell  
James M. Martell  
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.**

In connection with the annual report of Champions Biotechnology, Inc. (the "Company") on Form 10-KSB for the year ended April 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: August 13, 2007

By: /s/ James M. Martell  
James M. Martell  
Chief Executive Officer and  
Chief Financial Officer

