CHAMPIONS BIOTECHNOLOGY, INC.
Form 10-K/A
August 27, 2009

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**
**FORM 10-KSB/A**
**(AMENDMENT NO. 1)**

Mark One

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the fiscal year ended April 30, 2008**
**OR**

o **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.**
(Name of Small Business Issuer in its charter)

| Delaware | 52-1401755 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

855 N. Wolf Street, Suite 619, Baltimore, MD 21205
(Address of principal executive offices, including zip code)
(410) 369-0365
(Issuer s telephone number, including area code)
Securities registered under section 12(b) of the Exchange Act

| Title of each class | Name of each exchange on which registered |
|---|---|
| | (None) |

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, par value $.001 per share
(Title of Class)

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

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

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 o No þ

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 definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB/A. þ

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

For the year ended April 30, 2008, the revenues of the registrant were $1,399,940.

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 ask price on July 14, 2008, was approximately $9,900,000.
As of July 14, 2008, the Registrant had a total of 33,272,718 shares of common stock outstanding.
DOCUMENTS INCORPORATED BY REFERENCE
None
Transitional Small Business Disclosure Format (check one): Yes o No þ

Table of Contents

**Explanatory Note:**

On June 19, 2009, the Audit Committee of the Board of Directors of Champions Biotechnology, Inc. ( Champions , the Company , or as used in the context of we , us or our ) concluded that our financial statements as of April 30, 2008 for the year then ended would need to be restated and should no longer be relied upon.

This Amendment No. 1 (the Form 10-KSB/A ) to our Annual Report on Form 10-KSB for the fiscal year ended April 30, 2008 (the Original 2008 Form 10-KSB ) is being filed to restate our consolidated financial statements as of and for the fiscal year ended April 30, 2008.

**Background:**

The Company has restated its consolidated financial statements as of April 30, 2008 and for the year then ended.

This restatement arose when the Company identified an error in its accounting for stock-based compensation related to stock options issued to non-employees for consulting services. Previously, the Company recognized a contra equity account called prepaid consulting for the fair value of the unvested stock based compensation awards. This prepaid consulting balance was amortized to compensation expense over the options vesting term. Additionally, when certain non-employees were hired as permanent employees, no modification to the accounting for their previously issued stock based compensation award was considered. Finally, the Company considered the grant date to be the measurement date for options awards issued to non-employees when no performance commitment existed. Upon further review and analysis of the relevant accounting literature related to stock-based compensation, we determined the balance sheet should not present the fair value of the unvested portion of awards issued to non-employees as the awards were not fully vested when granted. Additionally, as no performance commitment existed as of the grant date, the measurement date related to non-employee stock option grants should have been measured at the date the non-employees performance was completed, or over the respective options vesting term. Lastly, when non-employees, who had previously received stock options, were hired as permanent employees, the unvested compensation should have been recognized as stock based compensation expense ratably over the remaining vesting period on a prospective basis.

Note 2 to our restated consolidated financial statements describes the nature of the restatement adjustments and details the impact of the restatement on our consolidated financial statements as of April 30, 2008 and for the year then ended.

The following table sets forth the effects of the restatement on selected line items within our previously reported consolidated financial statements for the fiscal years ended April 30, 2008. The following table provides only a summary of the effects of the restatement, does not include all line items that were impacted by the restatement and should be read in conjunction with the restated consolidated financial statements contained in Item 8 of this amended report.

| | As Originally Reported | As Restated |
|---|---|---|
| Total assets | $ 4,651,383 | $ 4,651,383 |
| Total expense | $ 1,393,354 | $ 1,839,883 |
| Net income/ (loss) | $ 35,698 | $ (410,831) |
| Additional paid-in capital | $ 11,715,182 | $ 11,119,343 |
| Accumulated deficit | $ 7,068,547 | $ 7,515,076 |

**Table of Contents**

In connection with the restatement, management has assessed the effectiveness of our disclosure controls and procedures and has included revised disclosure in this Form 10-KSB/A under Item 9A(T) of Part II, Controls and Procedures . Management identified a material weakness in our internal control over financial reporting with respect to our interpretation and application of Statement of Financial Accounting Standards No, 123(R), *Share Based Payment*, ( SFAS 123R ) and EITF 98-18, *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services*, ( EITF 96-18) as they apply to the calculation of stock based compensation. As a result of this material weakness, our Chief Executive Officer and Chief Financial Officer concluded that our internal control over financial reporting and our disclosure controls and procedures were not effective at a reasonable assurance level as of April 30, 2008 and as of the date of this filing. As of the filing date of this Form 10-KSB/A, we have implemented accounting practices that management believes complies with requirements of SFAS 123R and EITF 96-18. Management has taken and is taking steps, as described under Item 9A(T) of Part II to remediate the material weakness in our internal control over financial reporting.

Because this Form 10-KSB/A sets forth the Original 2008 Form 10-KSB in its entirety, it includes items that have been changed as a result of the restatement and items that are unchanged from the original filing. Other than the amending of the disclosures relating to the restatement, the Form 10-KSB/A speaks as of the original filing date of the Original 2008 Form 10-KSB and has not been updated to reflect other events occurring subsequent to the original filing date. This includes forward-looking statements impacted by the restatement, which should be read in their historical context.

The following items in this Form 10-KSB/A have been amended as a result of the restatement:

Part I-Item 1. Business

Part I-Item 1A. Risk Factors

Part II-Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

Part II-Item 8. Financial Statements.

Part II-Item 9A(T). Controls and Procedures.

Note that this Form 10-KSB/A is being filed with the Securities and Exchange Commission (the SEC ) on Form 10-K because the SEC has discontinued use of Form 10-KSB since the filing date of the Original 2008 Form 10-KSB. Accordingly, certain item numbers and headings herein do no match those set forth in the Original 2008 Form 10-KSB. For example, Management s Discussion and Analysis of Financial Condition and Results of Operations was Item 6 in the Original 2008 Form 10-KSB but is Item 7 in this Form 10-KSB/A.

TABLE OF CONTENTS

PART IV

Table of Contents

## PART I

As used in this Annual Report 10-KSB/A, Champions Biotechnology, Champions, we, ours, and us r Champions Biotechnology, Inc., except where the context otherwise requires or as otherwise indicated.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 ( Securities Act ) and Section 21E of the Securities Exchange Act of 1934 ( Exchanges Act ) that inherently involve risk and uncertainties. The Company generally uses words such as believe, may, could, will, intend, estimate, anticipate, plan, likely, promise and similar expressions to identify forward-looking statements. One should not pl 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. Business.

*Development of Business*

Champions Biotechnology, Inc. 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 public offering and shortly thereafter acquired the world-wide rights to the Champions sports theme restaurant concept and changed its name to Champions Sports, Inc. In 1997, the Company sold its Champions service mark and concept to Marriott International, Inc. and until 2005, was a consultant to Marriott International, Inc. and operated one Champions Sports Bar Restaurant. In January 2007, the Company changed its business direction to focus on biotechnology and subsequently changed its name to Champions Biotechnology, Inc. In February 2007 the Company acquired the patent rights to two Benzoylphenylurea (BPU) sulfur analog compounds. On May 18, 2007, the Company acquired Biomerk, Inc. from Dr. David Sidransky and issued 4,000,000 restricted shares of its common stock in the merger. On April 30, 2008, the Company issued 1,428,572 restricted shares of the Company s common stock at $1.75 per share pursuant to the terms of a private investment financing.

*Current Business*

The Company is engaged in the development of advanced preclinical platforms and predictive tumor specific data to enhance and accelerate the value of oncology drugs. The Company s Preclinical Platform is a novel approach based upon the implantation of primary human tumors in immune deficient mice followed by propagation of the resulting xenografts (Biomerk Tumorgrafts ) in a manner that preserves the biological characteristics of the original human tumor. The Company believes that Biomerk Tumorgrafts closely reflect human cancer biology and their response to drugs is more predictive of clinical outcomes in cancer patients. The Company is building its Biomerk Tumorgraft platform through the procurement, development and characterization of numerous Tumorgrafts within each of several cancer types. Tumorgrafts are procured through agreements with institutions in the United States and Europe and developed and tested through agreement with a U.S. based preclinical facility.

**Table of Contents**

We intend to leverage our preclinical platform to evaluate oncology drug candidates and to develop a portfolio of novel drug candidates through pre-clinical trials. As drugs progress through this early stage of development, the Company plans to sell, partner or license them to pharmaceutical and/or biotechnology companies, as appropriate. We believe 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 time frame that is shorter than for traditional drug development. 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 development period, typically more than a decade, to commercialize. Thus far we have acquired two oncology drug candidates and we have begun preclinical development of the most promising candidate, SG410, through the use of contract facilities. We have secured preclinical supply of SG410 and it is our intention to develop a soluble form of the compound and evaluate its efficacy in Biomerk Tumorgrafts from several cancer types. If results are promising it is our intention to continue preclinical development and then sell, partner or license SG410 for its remaining clinical development.

The Company also offers its Biomerk Tumorgraft predictive preclinical platform and tumor specific data to physicians to provide information that may enhance personalized patient care options and to companies for evaluation of oncology drugs in a platform that integrates predictive testing with biomarker discovery. We provide Personalized Oncology services to physicians in the field of oncology by establishing and administering expert medical information panels for their patients to analyze medical records and test results, to assist in understanding conventional and research options and to identify and arrange for testing, analysis and study of cancer tissues, as appropriate. In FY08 the Company generated all its revenue from its growing Personalized Oncology services while we continued development of our Biomerk Tumorgraft platform.

In late FY08, as we expanded our number of Biomerk Tumorgraft models, we began to offer leading pharmaceutical and biotechnology companies the benefits of our Biomerk Tumorgrafts for their preclinical evaluation programs. We provide Preclinical eValuation services that we believe are more predictive of clinical outcomes and that might provide for a faster and less expensive path for drug approval. These services utilize Biomerk Tumorgrafts to evaluate tumor sensitivity/resistance to various single and combination standard and novel chemotherapy agents. The Preclinical eValuation services we offer also include biomarker discovery and the identification of novel drug combinations. In the fourth quarter of FY08 the Company established an agreement with ImClone Systems Incorporated for the preclinical evaluation of certain therapeutic antibodies in ImClone s clinical development pipeline. As part of the agreement, ImClone will utilize our Biomerk Tumorgrafts in the initial preclinical evaluation. We are currently providing services or in discussions to provide services to a number of other companies.

*Operations*

The Company generated operating revenue of $1,399,940 solely from its Personalized Oncology services during the year ended April 30, 2008.

*Competition*

Competition in the biotechnology industry is intense and based significantly on scientific, technological and market forces. These factors include the availability of patent and other protection for technology and products, the ability to commercialize technological developments and the ability to obtain government approval for testing, manufacturing and marketing. The Company faces significant competition from other biotechnology companies. The majority of these competitors 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. These companies, as well as academic institutions, governmental agencies and private research organizations also compete with us in recruiting and retaining highly qualified scientific, technical and professional personnel and consultants.

Table of Contents

Our preclinical platform is proprietary and requires significant know-how to both initiate and operate but is not patented. It is, therefore, possible for competitors to develop other implantation procedures or to discover the same procedures utilized by the Company that could compete with the Company in its market.

*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.

*Research and Development*

In the past fiscal year, the Company spent $199,743 on research and development to develop our preclinical platform.

*Government Regulation*

The research, development, and marketing of the Company s 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 costs of bringing new drugs through the regulatory approval process and to the market are extremely high, and the Company plans to sell, partner or license its drug candidates to pharmaceutical and/or biotechnology companies, as appropriate prior to pursuing the FDA approval necessary to commercially market its drug products.

*Employees*

As of April 30, 2008, the Company had four employees.

**Item 1A. 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 for the foreseeable future, require significant capital and may never achieve profitability.**

We historically have lost money. In the year ended April 30, 2008, we had a net loss of $410,831 and in the year ended April 30, 2007, we sustained a net loss of $170,058. At April 30, 2008, we had an accumulated deficit of $7,515,076.

Table of Contents

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 development for our preclinical platform, products and technology;
- the progress and cost of preclinical and possibly early phase clinical development programs;
- the cost and rate of progress toward growing our revenue generating service businesses;
- the cost of securing and defending intellectual property;
- the timing and cost of obtaining necessary regulatory approvals; and
- the costs of any future litigation of which we may be subject.

Through April 30, 2008 we had limited operations. We intend to engage in product development, a process that requires significant capital expenditures, and we have limited sources of revenue to off-set such expenditures. Accordingly, we expect to generate operating losses in the future until such time as we are able to generate more 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 grow revenues, we must invest capital to successfully develop our products. Our products 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 little operating history in the biotechnology industry, and our operating results are not possible to predict at this time. We are developing our business and our operations are subject to all of the risks inherent in establishing a new business enterprise, including:

- early stage products;
- limited capital;
- expected substantial and continual losses for the foreseeable future;
- limited experience in regulatory issues;
- an expected reliance on third parties for the commercialization of some proposed products;
- a competitive environment characterized by numerous, well-established and well-capitalized competitors;
- uncertain market acceptance of our 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.

Table of Contents

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

Our proposed initial drug 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 sell, license or partner with 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 preclinical or 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 formulated and/or produced in clinical or 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 four employees, the loss of the services of which would have a material adverse affect on our business and financial condition. We will continue to develop our management team and attract and retain qualified personnel in all functional areas to expand and grow our business. This may 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 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.

Table of Contents

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:

Our preclinical platform is proprietary and requires significant know-how to both initiate and operate but is not patented. It is, therefore, possible for competitors to develop other implantation procedures or to discover the same procedures utilized by the Company that could compete with the Company in its market.

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 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.

Table of Contents

**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.

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 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 drug 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.

Table of Contents

**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 authorizes the issuance of 50,000,000 shares of common stock. As of July 14, 2008, we had 33,272,718 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.

Table of Contents

**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.

**Material weakness or deficiencies in our internal control over financial reporting could harm stockholder and business confidence in our financial reporting, our ability to obtain capital, and other aspects of our business.**

Our management evaluated the effectiveness of the design and operation of our disclosures controls and procedures as of the year ended April 30, 2008 and concluded that our disclosure controls and procedures were not effective as of those dates, because of material weakness in our internal control over financial reporting. A material weakness is a control deficiency, or combination of control deficiencies that results in more than a remote likelihood that material misstatement of the annual or interim financial statements will not be prevented or detected. During the 2008 audit, our independent registered public accounting firm identified a material weakness in our internal control over financial reporting. This material weakness 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.

On June 26, 2009 the Company filed a Form 8-K disclosing the fact that it identified a material weakness in its accounting for stock based compensation with respect to its application of SFAS 123 and that its April 30, 2008 Form 10-KSB included financials that could no longer be relied on.

As a result of this restatement and material weaknesses, customers, stockholders and other potential investors could lose confidence in our financial reporting which could adversely impact the availability and cost of capital as well as other aspects of our business.

Table of Contents

**Item 1B. Unresolved Staff Comments.**

Not applicable.

**Item 2. Properties.**

The Company leases offices at 1400 North 14th Street, Arlington, VA 22209 and at 1820 East Ray Road, Chandler, AZ 85225. The Company s rental payments are $6,400 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 2008 for financial reasons.

Table of Contents

## PART II

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

*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 quotations represent prices between dealers and do not reflect the retailer markups, markdowns or commissions, and may not represent actual transactions. 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 2008 | $ | $ |
| First Quarter | 0.67 | 0.26 |
| Second Quarter | 2.10 | 0.45 |
| Third Quarter | 1.90 | 0.80 |
| Fourth Quarter | 1.30 | 0.85 |
| | 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 |

*Approximate Number of Holders of Common Stock*

As of July 14, 2008, there were 2,200 record holders of the Company s common stock.

*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.

*Securities Authorized for Issuance Under Equity Compensation Plans*

The information regarding securities authorized for issuance under our equity compensation plans is disclosed in Item 12- Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Table of Contents

*Recent Sales by the Company of Unregistered Securities*

On April 30, 2008, the Company issued 1,428,572 restricted shares of the Company s common stock at $1.75 per share, for a total of $2,500,000, pursuant to the terms of a private investment financing. The shares were issued to two non-US subscribers outside the United States. All the restricted shares issued in this offering were issued for investment purposes in a private transaction exempt from registration pursuant to Section 5 of the Securities Act. The offering was not a public offering and was not accompanied by any general advertisement or any general solicitation The Company received from each of the two subscribers a completed and signed subscription agreement containing certain representations and warranties, including, among others, that (a) the subscriber was not a U.S. person, (b) the subscriber subscribed for the shares for their own investment account and not on behalf of a U.S. person, and (c) there was no prearrangement for the sale of the shares with any buyer. No offer was made or accepted in the United States and the share certificates representing the shares were issued bearing a legend with the applicable trading restrictions.

**Item 6. Selected Financial Data.**

Not applicable.

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

**Restatement**

The Company has restated its consolidated financial statements as of April 30, 2008 and for the year then ended.

This restatement arose when the Company identified an error in its accounting for stock-based compensation related to stock options issued to non-employees for consulting services. Previously, the Company recognized a contra equity account called prepaid consulting for the fair value of the unvested stock based compensation awards. This prepaid consulting balance was amortized to compensation expense over the options vesting term. Additionally, when certain non-employees were hired as permanent employees, no modification to the accounting for their previously issued stock based compensation award was considered. Finally, the Company considered the grant date to be the measurement date for options awards issued to non-employees when no performance commitment existed. Upon further review and analysis of the relevant accounting literature related to stock-based compensation, we determined the balance sheet should not present the fair value of the unvested portion of awards issued to non-employees as the awards were not fully vested when granted. Additionally, as no performance commitment existed as of the grant date, the measurement date related to non-employee stock option grants should have been measured at the date the non-employees performance was completed, or over the respective options vesting term. Lastly, when non-employees, who had previously received stock options, were hired as permanent employees, the unvested compensation should have been recognized as stock based compensation expense ratably over the remaining vesting period on a prospective basis.

Note 2 to our restated consolidated financial statements describes the nature of the restatement adjustments and details the impact of the restatement on our consolidated financial statements as of April 30, 2008 and the year then ended.

**Table of Contents**

*Overview*

In January 2007 the Company changed its business direction to focus on biotechnology and changed its name to Champions Biotechnology, Inc. The Company is engaged in the development of advanced preclinical platforms and predictive tumor specific data to enhance and accelerate the value of oncology drugs. The Company s Preclinical Platform is a novel approach based upon the implantation of primary human tumors in immune deficient mice followed by propagation of the resulting xenografts (Biomerk Tumorgrafts ) in a manner that preserves the biological characteristics of the original human tumor. The Company believes that Biomerk Tumorgrafts closely reflect human cancer biology and their response to drugs is more predictive of clinical outcomes in cancer patients. The Company is building its Biomerk Tumorgraft platform through the procurement, development and characterization of numerous Tumorgrafts within each of several cancer types. Tumorgrafts are procured through agreements with institutions in the United States and Europe and developed and tested through agreement with a U.S. based preclinical facility.

We intend to leverage our preclinical platform to evaluate oncology drug candidates and to develop a portfolio of novel drug candidates through pre-clinical trials. As drugs progress through this early stage of development, the Company plans to sell, partner or license them to pharmaceutical and/or biotechnology companies, as appropriate. We believe 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 development period, typically more than a decade, to commercialize. Thus far we have acquired two oncology drug candidates and we have begun preclinical development of the most promising candidate, SG410, through the use of contract facilities. We have secured preclinical supply of SG410 and it is our intention to develop a soluble form of the compound and evaluate its efficacy in Biomerk Tumorgrafts from several cancer types. If results are promising it is our intention to continue preclinical development and then sell, partner or license SG410 for its remaining clinical development.

The Company also offers its Biomerk Tumorgraft predictive preclinical platform and tumor specific data to physicians to provide information that may enhance personalized patient care options and to companies for evaluation of oncology drugs in a platform that integrates predictive testing with biomarker discovery. We provide Personalized Oncology services to physicians in the field of oncology by establishing and administering expert medical information panels for their patients to analyze medical records and test results, to assist in understanding conventional and research options and to identify and arrange for testing, analysis and study of cancer tissues, as appropriate. In FY08 the Company generated all its revenue from its growing Personalized Oncology services while we continued development of our Biomerk Tumorgraft platform. During the year ended April 30, 2008, the Company s revenue was derived solely from Personalized Oncology services.

In late FY08, as we expanded our number of Biomerk Tumorgraft models, we began to offer leading pharmaceutical and biotechnology companies the benefits of our Biomerk Tumorgrafts for their preclinical evaluation programs. We provide Preclinical eValuation services that we believe are more predictive of clinical outcomes and that might provide for a faster and less expensive path for drug approval. These services utilize Biomerk Tumorgrafts to evaluate tumor sensitivity/resistance to various single and combination standard and novel chemotherapy agents. The Preclinical eValuation services we offer also includes biomarker discovery and the identification of novel drug combinations. In the fourth quarter of FY08 the Company established an agreement with ImClone Systems Incorporated for the preclinical evaluation of certain therapeutic antibodies in ImClone s clinical development pipeline. As part of the agreement, ImClone will utilize our Biomerk Tumorgrafts in the initial preclinical evaluation. We are currently providing services or in discussions to provide services to numerous other companies.

**Table of Contents**

In the late fourth quarter of FY08, Champions Biotechnology, Inc. formed its first management team. As a result, the Company is currently unable to provide business trends and projections.

*Results of Operations for Fiscal Years 2008 and 2007*

1. Operating Revenues

For the fiscal year ended April 30, 2008, the Company s operating revenue was $1,399,940. For fiscal year ended April 30, 2007, the operating revenue was $0. The Company commenced its operations in the biotechnology business in January 2007, and from 2005 until 2007 had no operating revenues. As a result, the Company only had four months of meaningful operations in our fiscal year ended April 30, 2007. The Company derived all of its revenue from its Personalized Oncology services which assist physicians by providing information that may enhance personalized treatment options for their cancer patients through access to expert medical information panels and tumor specific data. Revenues are also derived from the Company s Preclinical eValuation services which offers the benefits of its Preclinical Platform to pharmaceutical and biotechnology companies using Biomerk Tumorgraft studies which have been shown to be predictive of how drugs perform in clinical settings. Expectations for growth in the future are from continued Personalized Oncology services and expected increased use of our Preclinical eValuation services. The Company s revenue is described as Personalized Oncology services in the Consolidated Statements of Income.

2. Operating Expenses

In FY 2008, the operating expenses for the Company were general and administrative expenses of $1,839,883 compared to $170,058 in FY 2007. The increase of $1,669,825 was due to the additional expenses associated with changing the business direction and beginning operations as a biotechnology company. During FY 2007 the Company continued to incur expenses in the process maintaining its efforts of establishing itself as a biotechnology company prior to earning any revenue. As revenue was earned in FY 2008 and as revenue increases with increased development and activity, expenses increased and are expected to increase in the future, commensurate with the Company s increased levels of activity and growth.

3. Profits / Losses

For the reasons stated above, the Company s net loss applicable to common stockholders for fiscal 2008 was $410,831, compared to a net loss of $170,058 for fiscal 2007.

*Liquidity and Capital Resources for Fiscal Years 2008 and 2007*

The Company s cash position on April 30, 2008, was $3,709,136 compared to $3,758 on April 30, 2007. In FY 2008, the net cash provided by operating activities was $792,404. In FY 2007, the net cash used in operating activities was $78,475. The Company s working capital as of April 30, 2008 was $2,748,141 contrasted to a negative $441,065 on April 30, 2007. In FY 2008 the Company received proceeds of $2,500,000 from private investment financing. 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.

Table of Contents

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.

The Company has sufficient resources to provide for the next twelve months of operations based on its current level of expenditure, its anticipated level of future expenditure and revenue growth and its ability to curtail expenditures if needed.

*Critical Accounting Policies*

Revenue Recognition. The Company derives revenue from its Personalized Oncology services which assist physicians by providing information that may enhance personalized treatment options for their cancer patients through access to expert medical information panels and tumor specific data. Revenues are also derived from the Company s Preclinical eValuation services which offer the benefits of its Preclinical Platform to pharmaceutical and biotechnology companies using Biomerk Tumorgraft studies which have been shown to be predictive of how drugs perform in clinical settings. The Company s revenue is described as Personalized Oncology services in the Consolidated Statements of Operations.

Revenue is recognized in accordance with the SEC s Staff Accounting Bulletin No. 104, Revenue Recognition ( SAB 104 ). SAB 104 requires that four basic criteria be met before revenue can be recognized: 1) persuasive evidence of an arrangement exists; 2) delivery has occurred or services rendered; 3) the fee is fixed and determinable; and 4) collectability is reasonably assured. As to 1), our business practices require that our services be performed pursuant to contracts with our customers. As to 2), we recognize revenue when services are rendered to our customers. As to 3), the fee is determined and fixed at the time the contract is executed. As to 4), our business practices require that fees for services be remit upon execution of the contract, either in full or in contractual amounts based on management s judgments regarding the fixed nature of our arrangements taking into account termination provisions and the collectability of fees under our arrangements. Revenue is recognized when services are rendered.

*Miscellaneous for Fiscal Years 2008 and 2007*

Stockholders equity on April 30, 2008 was $3,637,515 compared to a deficit of $261,065 on April 30, 2007. In FY 2008 and FY 2007, the Board of Directors voted to defer the annual meeting of shareholders in order to preserve the Company s cash reserves.

**Item 8. Financial Statements and Supplementary Data.**

The Report of Independent Accountants appears at page F-2 and the Consolidated Financial Statements and Notes to the Consolidated Financial Statements appear at pages F-3 through F-19 hereof.

**Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.**

None.

**ITEM 9A(T). Controls and Procedures.**

(a) Management s annual report on disclosure controls and procedures.

Management of the Company is responsible for establishing and maintaining adequate disclosure controls and procedures and for the assessment of the effectiveness of disclosure controls and procedures. The Company s disclosure controls and procedures is a process designed under the supervision of the Company s chief executive officer and chief financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with United States generally accepted accounting principles ( U.S. GAAP ).

Table of Contents

Our Principal Executive Officer and Chief Financial Officer have concluded that during the period covered by this report, such internal control over financial reporting were not effective as more fully described below. This was due to deficiencies that existed in the design or operation of our internal control over financial reporting that adversely affected our disclosure controls and that may be considered material weaknesses . The Public Company Accounting Oversight Board has defined a material weakness as a deficiency, or combination of deficiencies, in internal control over financial reporting ( ICFR ) such that there is a reasonable possibility that a material misstatement of the company s annual or interim financial statements will not be prevented or detected on a timely basis by the company s ICFR.

The material weaknesses we identified in our internal control over financial reporting and disclosure controls relate to the following:

Our auditors identified a material weakness which 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.

The second material weakness related to our accounting for stock-based compensation under SFAS 123R and EITF 96-18, where the Company improperly calculated the measurement date for non-employees of the Company and we did not take into consideration changes in employee status. In addition, we misclassified the fair value of the unvested portion of non-employee awards as a contra equity account called prepaid consulting.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can only provide reasonable assurances with respect to financial statement preparation and presentation. In addition, any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions in the future.

*Remediation of Material Weaknesses*

In light of the conclusion that our Company s internal control over financial reporting was not effective, our management has developed a plan intended to remediate such ineffectiveness and to strengthen our internal controls over financial reporting through the implementation of certain remedial measures, which include:

1) Continue enhancing our U.S. GAAP training program for our existing personnel.

2) Hiring of an Assistant Controller to directly handle the day to day accounting functions of the company.

3) The licensing of a SFAS 123R software program to assist in the proper accounting for stock based compensation.

We will continue these efforts until we are satisfied that all material weaknesses have been eliminated. We expect that resolution of all of these issues will take place in fiscal 2010.

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 managements report in this annual report.

**Item 9B. Other Information.**

None.

Table of Contents

## PART III

**Item 10. Directors, Executive Officers and Corporate Governance.**

*Directors and Executive Officers*

The Directors and Executive Officers of the Company as of April 30, 2008 are as follows:

| *Name* | *Position(s) Presently Held* |
|---|---|
| David Sidransky , M.D. | Chairman |
| Douglas D Burkett, Ph.D. | President |
| Manuel Hidalgo, M.D. Ph.D. | Chief Scientist |
| James M. Martell | Chief Administrative Officer, Director |
| Durwood C. Settles | Chief Financial Officer, Treasurer |
| Abba David Poliakoff | Director |
| Ana I. Stancic | Director |

**David Sidransky, M.D**., age 48, has served as Chairman of the Company since October 2007 and Director 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 most highly cited researchers in clinical and medical journals in the world, in the field of oncology during the past decade, with over 340 peer-reviewed publications. He has contributed more than 60 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, Chairman of Alfacell Corporation 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 served as Director (2005-2008) of American Association for Cancer Research (AACR). He was the chairperson of the first (September 2006) and 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.

**Douglas D. Burkett, Ph.D**., age 44, has served as President of the Company since March 2008. Dr. Burkett has served From July 2007 to March 2008 as executive consultant to assist the Company in establishing and executing its strategic and business plan prior to becoming President. Dr. Burkett served as Chairman, Chief Executive Officer and President of Zila, Inc. from 2002 to 2007 and led a strategic transformation of Zila into a cancer detection company. He led the FDA approval, launch and growth of ViziLite Plus, an oral cancer screening product, and the establishment of the first insurance reimbursement for oral cancer screening products in the United States Dr. Burkett held several senior positions at Zila from 1995 to 2002; he was responsible for Zila s technical operations, its manufacturing subsidiary, its Pharmaceuticals business and business development. Early in his career he led the building of a R&D laboratory, pharmaceutical manufacturing facility, compliance unit and regulatory team that achieved a rare no deficiency FDA pre approval inspection. Dr. Burkett is the lead inventor in numerous issued and pending patents involving novel cancer detection methods and drugs. He is quoted in leading publications including the Wall Street Journal regarding his pioneering efforts in early oral cancer detection. Prior to joining Zila, Dr. Burkett was employed at the Arizona State University Cancer Research Institute where he collaborated with the National Cancer Institute in synthesizing and performing studies for potential cancer treatment drugs. Prior to his tenure at ASU he researched, developed and manufactured pharmaceutical drugs for a private pharmaceutical company. Dr. Burkett received a B.S. in Chemistry from Missouri Western State College in 1987, and a Ph.D. in Organic Chemistry from Arizona State

University in 1994.

Table of Contents

**Manuel Hidalgo, M.D., Ph.D**., age 40, has served as Chief Scientific Officer of the Company since March 2008. Dr. Hidalgo was a Director and Scientific Advisor from June 2007 to March 2008. 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.

**James M. Martell**, age 61, Director of the Company, has served as Chief Administrative Officer of the Company since March 2008. Mr. Martell founded the Company in 1985 as a small merger and acquisition public company under the name International Group, Inc., changed in 1986 to Champions Sports, Inc. Since then he has served in various capacities as Chairman, President and CEO until 2007 when the Company changed its business direction to focus on biotechnology. Mr. Martell has served as President and CEO of Champions Biotechnology until March, 2008. Since 2004, he has worked and collaborated with Dr. Sidransky in the development of personalized oncology information panels after his close friend was diagnosed with cancer. Mr. Martell currently administers and oversees the Company s medical information panels. He was a partner from 1983 to 1987 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 company involved in promoting national and international business development. He held various administrative positions from 1973 to 1981 with the U.S. Department of Energy. Mr. Martell received a Bachelor of Science degree in Chemistry in 1968 and Master of Science degree in Geochemistry in 1973, from George Washington University.

**Durwood C. Settles**, age 65, has served as Chief Financial Officer of the Company since March 2008 and has served as Treasurer since June, 2007. He has served as a Director of the Company from March, 2001 until March, 2008. Mr. Settles is a Certified Public Accountant in individual practice since 1983. From 1973 to 1982, Mr. Settles was Manager of Special Projects and served on the audit staff with Coopers & Lybrand in Washington, D.C. During the period 1974 to 1986, Mr. Settles was Treasurer or Controller of various national, state, and congressional political campaign organizations. From 1964 to 1973, Mr. Settles was an owner and executive of a private manufacturing and marketing business after serving two years as a Group Pension Management Assistant and Computer Files Service Supervisor with the Mutual of New York Life Insurance Company (MONY) in New York. Mr. Settles received a Bachelor of Arts degree in Economics in 1964 from Davidson College and completed accounting studies in 1973 at George Washington University.

Table of Contents

**Abba David Poliakoff**, age 56, has served as Director of the Company since March 2008. Mr. Poliakoff is a member of the law firm of Gordon, Feinblatt, Rothman, Hoffberger & Hollander, LLC, in Baltimore, Maryland, Chairman of the Firm s Business Department, and a Member of the Firm s Electronic Discovery Practice Group. Mr. Poliakoff received his J.D. degree, magna cum laude, in 1977 from the University of Baltimore Law School, where he was an editor of the University of Baltimore Law Review and Associate Editor of The Forum Law Journal. After law school, Mr. Poliakoff joined the staff of the U.S. Securities and Exchange Commission in Washington, D.C., where he became a senior attorney in the Division of Corporation Finance. Mr. Poliakoff is currently a member of the Maryland State Bar Association s Business Law Section and former Chair of its Committee on Securities. Formerly he was a member of the Business Regulations Article Review Committee of the Committee to Revise the Maryland Annotated Code. Mr. Poliakoff is a member of the Board of Directors of the Greater Baltimore Technology Council (GBTC) and Chair of its Legislative Committee. He is a former Chair of the Maryland Business & Technology Coalition, member of the Technology Council of Maryland, and member of the MIT Enterprise Forum. Mr. Poliakoff is currently the Chairman of the Maryland Israel Development Center.

**Ana I. Stancic**, age 51, has served as Director of the Company since March 2008. Ms. Stancic has served since March, 2008 as Chief Financial Officer of Aureon Laboratories Incorporated ( Aureon ), an oncology diagnostic company dedicated to enabling the advancement of predictive and personalized cancer treatment by performing diagnostic reference laboratory and clinical research services. Prior to joining Aureon, Ms. Stancic was Executive Vice President and Chief Financial Officer at OMRIX Biopharmaceuticals, Inc. Before joining OMRIX, Ms. Stancic served as Senior Vice President, Finance at ImClone Systems, Inc. ( ImClone ), a global biopharmaceutical company committed to advancing oncology care, where she was responsible for ImClone s finance department, information technology and internal audit. Ms. Stancic joined ImClone as Vice President, Controller and Chief Accounting Officer in 2004. Prior to joining ImClone, she was Vice President and Controller at Savient Pharmaceuticals, Inc. from 2003 to February, 2004. Ms. Stancic was Vice President and Chief Accounting Officer at Ogden Corporation from 1999 to 2002 and Regional Chief Financial Officer at OmniCare, Inc. from 1997 to 1999. Ms. Stancic began her career in 1985 at PricewaterhouseCoopers in the Assurance practice where she had responsibility for international and national companies in the pharmaceutical and services industries. Ms. Stancic is a Certified Public Accountant and holds an M.B.A. degree from Columbia Business School.

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. Officers are appointed by the Board of Directors and serve at the discretion of the Board. There is no family relationship between or among any of the Company s Directors or Officers.

*Board Committees*

The Board of Directors has appointed an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee and has adopted charters for each of these committees. The Audit Committee financial expert is Ana Stancic. The members of the committees are:

Nominating and Corporate Governance Committee
David Sidransky, Chair
Abba David Poliakoff
Ana Stancic

Compensation Committee
Abba David Poliakoff, Chair
David Sidransky
Ana Stancic

Audit Committee
Ana Stancic, Chair
Abba David Poliakoff
David Sidransky

23

Table of Contents

*Code of Ethics*

The Company has a Code of Ethics that applies to all Company employees, including President, as well as members of the Board of Directors. The Company s Code of Ethics is included as an Exhibit.

*Compliance with Section 16(a)*

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, 2008, the Company believes that reports pursuant to Section 16(a) were filed.

**Item 11. 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, 2008.

**SUMMARY COMPENSATION TABLE**

| Name and Principal Position<br>(a) | Year<br>(b) | Salary ($)<br>(c) | Option Awards ($)<br>(f) | Total ($)<br>(j) |
|---|---|---|---|---|
| Dr. Douglas D. Burkett, President | 2008 | 18,750(1) | 336,287 | 335,037 |
| James Martell, Chief Administrative Officer | 2008 | 113,416 | 0 | 113,416 |
| | 2007 | 64,052(2) | 0 | 64,052 |

(1) Salary following March 27, 2008, date of employment agreement.

(2) Accrued salary.

The Board of Directors has the right to change and increase the compensation of executive officers at any time. The Company entered into an employment agreement dated March 27, 2008 with Dr. Burkett to serve as President. The term of the agreement commenced on March 31, 2008 and extends for a two-year period, renewing automatically for successive one year periods unless notice of non-renewal is given. Dr. Burkett s compensation includes a salary of $225,000 per annum, participation in Company employee benefit plans and reconfirmation of an option previously granted on October 10, 2007 to acquire 500,000 shares of common stock at an exercise price of $0.75 per share, the market price of the common stock on the date the option was issued. The options to purchase shares vest at the rate of 166,665 shares on the first anniversary of the grant date, 166,665 shares on the second anniversary of the grant date and 166,670 shares on the third anniversary of the grant date. All vested options will be exercisable over a five-year period expiring on the fifth anniversary of the grant date, provided that the options will terminate upon a material breach by the executive of the employment agreement. The agreement further provides that if the Company terminates the executive s employment without cause, the Company shall pay the executive severance equal to four months salary and his options shall immediately vest.

The Company entered into an employment agreement dated March 31, 2008 with James Martell to serve as Chief Administrative Officer. The term of the agreement commenced on March 31, 2008 and extends for a one-year period, renewing automatically for successive one year periods unless notice of non-renewal is given. Mr. Martell s compensation includes a salary of $185,000 per annum and participation in Company employee benefit plans. The agreement further provides that if the Company terminates the executive s employment without cause, the Company

shall pay the executive severance equal to three months salary.

Table of Contents

In fiscal 2007, all executive officers of the Company as a group (one in number) received no cash compensation. Effective January 2004 through May 2007, payments of salaries to all executive officers were suspended in order to preserve the Company s cash position.

On January 15, 2007, the Company issued options for 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.

The following table sets forth, for each of the executive officers named in the Summary Compensation Table, information with respect to unexercised options as of the Company s fiscal year ended April 30, 2008:

| Name<br>(a) | Number of Securities Underlying Unexercised Options (#) Exercisable<br>(b) | Number of Securities Underlying Unexercised Options (#) Unexercisable<br>(c) | Option Exercise Price ($)<br>(e) | Option Expiration Date<br>(f) |
|---|---|---|---|---|
| Douglas D. Burkett | 0 | 500,000(1) | 0.75 | 10/9/2012 |
| James Martell | 0 | 0 | 0 | 0 |

(1) These options to purchase shares vest at the rate of 166,665 shares on each of the first three anniversaries of the October 10, 2007 grant date. All vested options will be exercisable over a five-year period expiring on the fifth anniversary of the grant date, provided that the options will terminate upon a material breach by Dr. Burkett of the employment agreement. The options shall immediately vest if the Company terminates

Dr. Burkett s employment without cause.

**DIRECTOR COMPENSATION**

In FY 2008 the Board of Directors agreed to a Director s Compensation plan whereby non-employee directors would receive options to purchase 50,000 shares upon their initial appointment as a director. In addition, the Chairman of the Board would receive options to purchase 50,000 shares. Each director would be entitled to receive options to purchase 20,000 shares annually upon their reelection or as of the annual meeting date. All options would have a term of five years, would vest equally over three years at the rate of one-third each year, and would have an exercise price equal to the fair market value of the stock on the date the option is granted. Based on the foregoing, Mr. Poliakoff and Ms. Stancic, both appointed as independent directors of the Company, were each granted options to purchase 50,000 shares, and Dr. Sidransky was granted options to purchase 50,000 shares, all at a price of $1.15 per share as their initial option grant.

The following table summarizes the compensation paid to directors for the fiscal year ended April 30, 2008:

| Name<br>(a) | Option Awards ($)<br>(d) | Total ($)<br>(h) |
|---|---|---|
| David Sidransky | $ 45,889 | $ 45,889 |
| Abba David Poliakoff | $ 57,362 | $ 57,362 |
| Ana Stancic | $ 57,362 | $ 57,362 |
| James Martell | 0 | 0 |

Table of Contents

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**
As of April 30, 2008 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)* | *Percent of Class* |
|---|---|---|
| Dr. David Sidransky<br>1550 Orleans Street<br>Baltimore, MD 21231 | 10,600,000 | 31.9 |
| James M. Martell<br>1400 N. 14th Street<br>Arlington, VA 22209 | 8,348,000 | 25.1 |
| Dr. Manuel Hidalgo<br>1550 Orleans Street<br>Baltimore, MD 21231 | 2,562,500 | 7.7 |

(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 April 30, 2008, the stock ownership by officers and directors of the Company and all officers and directors as a group are as follows:

| *Name of Beneficial Owner* | *Title* | *Common Stock Beneficially Owned (1)* | *Percent of Class* |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Dr. David Sidransky | Chairman | 10,600,000 | 31.9% |
| Douglas D Burkett, Ph.D. | President | 0 | 0% |
| Dr. Manuel Hidalgo | Chief Scientific Officer | 2,562,500 | 7.7% |
| James M. Martell | Chief Administrative Officer, Director | 8,348,000 | 25.1% |
| Durwood Settles | Chief Financial Officer, Treasurer | 0 | 0.0% |
| Abba David Poliakoff | Director | 400,000 | 1.2% |
| Ana I. Stancic | Director | 0 | 0.0% |
| All Officers & Directors as a group | | 21,910,500 | 65.9% |

(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.

Table of Contents

*Equity Compensation Plan Information*

The Company does not maintain a stock option plan. However, the Company has granted options to individual employees, directors and consultants pursuant to individual compensation arrangements. The following table provides information, as of April 30, 2008, with respect to all these compensation arrangements under which shares are authorized for issuance.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c) |
|---|---|---|---|
| **Equity compensation plans approved by security holders** | 0 | 0 | 0 |
| **Equity compensation plans not approved by security holders** | 1,955,000 | $ 0.65 | 0 |
| **Total** | 1,955,000 | $ 0.65 | 0 |

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

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. The Company repaid the advances to Mr. Martell in FY 2008.

**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, 2008, and April 30, 2007:

| Fee Category | FY 2008 | FY 2007 |
|---|---|---|
| Audit fees | $ 5,000 | $ 8,000 |
| Audit-related fees | $ 3,550 | $ 4,500 |
| Tax fees | $ 0 | $ 0 |
| All other fees | $ 0 | $ 0 |
| Total fees | $ 8,550 | $ 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.

Table of Contents

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.

**Item 15. Exhibits, Financial Statement Schedules.**

| Exhibit No. | |
|---|---|
| 10.1 | Employment Agreement dated March 27, 2008 between the Company and Douglas D. Burkett** |
| 10.2 | Employment Agreement dated March 31, 2008 between the Company and James Martell** |
| 10.3 | Employment Agreement dated March 26, 2008 between the Company and Durwood C. Settles** |
| 14 | Code of Ethics* |
| 21 | Subsidiaries of the Registrant* |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer* |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer* |
| 32.1 | Section 1350 Certifications* |

* Filed herewith.

** Previously filed.

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**
**APRIL 30, 2008 AND 2007**

**CONSOLIDATED FINANCIAL STATEMENTS:**

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Champions Biotechnology, Inc.

We have audited the accompanying consolidated balance sheets of Champions Biotechnology, Inc., as of April 30, 2008 and 2007, and the related consolidated statements of operations, stockholders equity and cash flows for each of the years in the two-year period ended April 30, 2008. Champions Biotechnology, Inc. s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our 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. as of April 30, 2008 and 2007, and the results of its operations and its cash flows for each of the years in the two-year period ended April 30, 2008 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the accompanying financial statements have been restated.

*/s/ BAGELL, JOSEPHS, LEVINE & COMPANY, L.L.C.*
Marlton, NJ 08053
July 28, 2008 (August 13, 2009 as to the effects of the restatement discussed in Note 2)

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

| | 2008 Restated | 2007 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 3,709,136 | $ 3,758 |
| Prepaid expenses | 52,873 | |
| **Total Current Assets** | 3,762,009 | 3,758 |
| Intangible assets | 227,465 | 180,000 |
| Goodwill | 661,909 | |
| **TOTAL ASSETS** | $ 4,651,383 | $ 183,758 |
| **LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable | $ 147,971 | $ 49,736 |
| Deferred revenue | 504,622 | |
| Other accrued expenses | 361,275 | 351,394 |
| Officer loans payable | | 43,693 |
| **Total current liabilities** | 1,013,868 | 444,823 |
| **COMMITMENTS AND CONTINGENCIES** | | |
| **STOCKHOLDERS EQUITY (DEFICIT)** | | |
| Preferred stock, $10 par value; 56,075 shares authorized; no issued or outstanding | | |
| Common stock, $.001 par value; 50,000,000 shares authorized; 33,247,718 and 27,624,658 shares issued and outstanding | 33,248 | 27,625 |
| Additional paid-in capital | 11,119,343 | 6,815,555 |
| Accumulated deficit | (7,515,076) | (7,104,245) |
| Total stockholders equity (deficit) | 3,637,515 | (261,065) |
| **TOTAL LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)** | $ 4,651,383 | $ 183,758 |

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

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF INCOME**
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

| | 2008 Restated | 2007 |
|---|---|---|
| **OPERATING REVENUE** | | |
| Personalized Oncology services | $ 1,399,940 | $ |
| **Total operating revenue** | 1,399,940 | |
| **COSTS AND OPERATING EXPENSES** | | |
| Service expenses | 490,435 | |
| Research and development | 199,743 | |
| General and administrative | 1,149,705 | 170,058 |
| **Total costs and operating expenses** | 1,839,883 | 170,058 |
| **LOSS BEFORE OTHER INCOME** | (439,943) | (170,058) |
| Other income | | |
| Interest income | 29,112 | |
| **LOSS BEFORE PROVISION FOR INCOME TAXES** | (410,831) | (170,058) |
| Provision for income taxes | | |
| **NET LOSS APPLICABLE TO COMMON STOCKHOLDERS** | $ (410,831) | $ (170,058) |
| **LOSS PER COMMON SHARE BASIC** | $ (0.01) | $ (0.01) |
| **LOSS PER COMMON SHARE DILUTED** | $ (0.01) | $ (0.01) |
| **WEIGHTED AVERAGE SHARES OUTSTANDING BASIC** | 31,494,025 | 20,459,726 |
| **WEIGHTED AVERAGE SHARES OUTSTANDING DILUTED** | 31,494,025 | 20,459,726 |

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

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIT)**
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

| | Series A, 12% Convertible Cumulative Preferred Stock | | Common Stock | | Paid-in | Accumulated | |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Capital | Deficits | Total |
| 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 options issued for compensation | | | | | 11,046 | | 11,046 |
| Net loss | | | | | | (170,058) | (170,058) |
| Balance, April 30, 2007 | | $ | 27,624,658 | $ 27,625 | $ 6,815,555 | $ (7,104,245) | $ (261,065) |
| Issued 4,000,000 common shares for 100% of Biomerk, Inc. | | | 4,000,000 | 4,000 | 1,156,000 | | 1,160,000 |
| Stock issued for exercise of warrants | | | 169,488 | 170 | 28,335 | | 28,505 |
| Stock issued for exercise of options | | | 25,000 | 25 | 4,225 | | 4,250 |
| Issued common stock for cash | | | 1,428,572 | 1,428 | 2,498,572 | | 2,500,000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Stock issued for consulting services (Restated) | | | | 616,656 | | 616,656 |
| Net loss (Restated) | | | | | (410,831) | (410,831) |
| Balance, April 30, 2008 (Restated) | $ | 33,247,718 | $ 33,248 | $ 11,119,343 | $ (7,515,076) | $ 3,637,515 |

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

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

| | 2008 Restated | 2007 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss (Restated) | $ (410,831) | $ (170,058) |
| **Adjustments to reconcile net loss to net cash provided by (used in) operating activities:** | | |
| Stock-based compensation | 616,656 | 11,046 |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses | (52,873) | |
| Accounts payable | 107,341 | 16,485 |
| Deferred revenue | 504,623 | |
| Other accrued expenses | 27,488 | 64,052 |
| Total adjustments | 1,203,235 | 91,583 |
| **Net cash provided by (used in) operating activities** | 792,404 | (78,475) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of intangibles | (47,465) | |
| Cash received in Biomerk acquisition | 471,377 | |
| **Net cash provided by investing activities** | 423,912 | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| (Payment of) proceeds from officers loan payable | (43,693) | 43,693 |
| Proceeds from sale of common stock | 2,500,000 | 38,000 |
| Proceeds from exercise of options and warrants | 32,755 | |
| **Net cash provided by financing activities** | 2,489,062 | 81,693 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 3,705,378 | 3,218 |
| **CASH AND CASH EQUIVALENTS BEGINNING OF YEAR** | 3,758 | 540 |

| | | |
|---|---|---|
| **CASH AND CASH EQUIVALENTS END OF YEAR** | $ 3,709,136 | $ 3,758 |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:** | | |
| Cash paid during the year for: | | |
| Interest | $ 997 | $ 3,287 |
| Income tax | $ | $ |

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

Table of Contents

**SUPPLEMENTAL SCHEDULE OF NON-CASH FLOW INVESTING AND FINANCING ACTIVITIES:**
In May 2007, the Company issued 4,000,000 shares for 100% of the shares of Biomerk, Inc.
In November 2007, the Company issued 61,632 shares for warrants exercised at $9,245.
In January 2008, the Company issued 107,856 shares for warrants exercised at $19,260.
In March 2008, the Company issued 25,000 shares for $4,250.
In April 2008, the Company issued 1,428,572 shares for $2,500,000.

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

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**APRIL 30, 2008 AND 2007**

## NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Champions Biotechnology, Inc., (the Company ) is a biotechnology company that is engaged in the development of advanced preclinical platforms and predictive tumor specific data to enhance and accelerate the value of oncology drugs. The Company 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 public offering and shortly thereafter acquired the world-wide rights to the Champions sports theme restaurant concept and changed its name to Champions Sports, Inc. In 1997, the Company sold its Champions service mark and concept to Marriott International, Inc. and until 2005, was a consultant to Marriott International, Inc. and operated one Champions Sports Bar Restaurant. In January 2007, the Company changed its business direction to focus on biotechnology and subsequently changed its name to Champions Biotechnology, Inc. In February 2007 the Company acquired the patent rights to two Benzoylphenylurea (BPU) sulfur analog compounds. On May 18, 2007, the Company acquired Biomerk, Inc. from Dr. David Sidransky and issued 4,000,000 restricted shares of its common stock. On April 30, 2008, the Company issued 1,428,572 restricted shares of the Company s common stock at $1.75 per share pursuant to the terms of a private investment financing.

The Company has reclassified certain prior year amounts to conform with the current year presentation.

### Alleviation of going concern

At April 30, 2007, the Company reported that it had incurred substantial net losses for the years ended April 30, 2007 and April 30, 2006 and the Company had not commenced operations to have a revenue stream to support itself. These factors raised substantial doubt about the Company s ability to continue as a going concern at that time.

During the three months ended April 30, 2008 the Company raised $2.5 million dollars in cash through a private placement of common stock. With this additional capital and projected cash flow expenditures over the next twelve months, Company s management considers the facts and circumstances which raised substantial doubt about the Company s ability to continue as a going concern to be alleviated.

The Company has sufficient resources to provide for the next twelve months of operations based on its current level of expenditure, its anticipated level of future expenditure and revenue growth and its ability to curtail expenditures if needed.

## NOTE 2 - RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

The Company has restated its consolidated financial statements as of April 30, 2008 and for the year then ended.

The restatement arose when the Company identified an error in its accounting for stock-based compensation related to stock options issued to non-employees for consulting services. Previously, the Company recognized a contra equity account called prepaid consulting for the fair value of the unvested stock based compensation awards. This prepaid consulting balance was amortized to compensation expense over the options vesting term. Additionally, when certain non-employees were hired as permanent employees, no modification to the accounting for their previously issued stock based compensation award was considered. Finally, the Company considered the grant date to be the measurement date for options awards issued to non-employees when no performance commitment existed. Upon further review and analysis of the relevant accounting literature related to stock-based compensation, we determined the balance sheet should not present the fair value of the unvested portion of awards issued to non-employees as the awards were not fully vested when granted. Additionally, as no performance commitment existed as of the grant date, the measurement date related to non-employee stock option grants should have been measured at the date the non-employees performance was completed, or over the respective options vesting term. Lastly, when non-employees, who had previously received stock options, were hired as permanent employees, the unvested compensation should have been recognized as stock based compensation expense ratably over the remaining vesting period on a prospective basis.

The Company s management performed a detailed review of Statement of Financial Accounting Standards No, 123R, *Share Based Payment*, ( SFAS 123R ), EITF 96-18, *Accounting for Equity Instruments That Are Issued to Other Than*

*Employees for Acquiring, or in Conjunction with Selling, Goods or Services*, ( EITF 96-18 ) and EITF 00-18, *Accounting Recognition for Certain Transactions involving Equity Instruments Granted to Other Than Employees*, ( EITF 00-18 ) as they apply to stock options granted to non-employees. After evaluating this accounting literature, the Company determined the balance sheet should not be grossed up for the unvested value of compensation expense. Additionally, the compensation expense related to non-employee stock option grants should calculated based on the fair market value of the options on the grant date and re-measured at the end of each subsequent reporting period over the options vesting term. Lastly, when non-employees who had previously received stock options were hired as permanent employees, the unvested compensation as of the hire date should have been recognized ratably on a prospective basis over the remaining vesting term.

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**APRIL 30, 2008 AND 2007**

**NOTE 2 - RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

The following is a summary of the effects of the restatement on the Company s consolidated balance sheet as of April 30, 2008, its consolidated statements of operations and cash flows for the year ended April 30, 2008:

| | As Previously Reported | Notes | Restatement Adjustments | As Restated |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **CURRENT ASSETS** | | | | |
| Cash and cash equivalents | $ 3,709,136 | | $ | $ 3,709,136 |
| Prepaid expenses | 52,873 | | | 52,873 |
| Total Current Assets | 3,762,009 | | | 3,762,009 |
| Intangible assets | 227,465 | | | 227,465 |
| Goodwill | 661,909 | | | 661,909 |
| **TOTAL ASSETS** | $ 4,651,383 | | $ | $ 4,651,383 |
| **LIABILITIES AND STOCKHOLDERS EQUITY** | | | | |
| **CURRENT LIABILITIES** | | | | |
| Accounts payable and accrued liabilities | $ 147,971 | | $ | $ 147,971 |
| Deferred revenue | 504,622 | | | 504,622 |
| Other accrued expenses | 361,275 | | | 361,275 |
| Total current liabilities | 1,013,868 | | | 1,013,868 |
| **COMMITMENTS AND CONTINGENCIES** | | | | |
| **STOCKHOLDERS EQUITY (DEFICIT)** | | | | |
| Preferred Stock, $10 par value; 56,075 shares authorized; 0 shares issued | | | | |
| Common stock, $0.001 par value; 50,000,000 shares authorized; 33,337,782 shares issued and 33,247,718 shares outstanding | 33,248 | | | 33,248 |
| Additional paid-in capital | 11,715,182 | (1,2) | (595,839) | 11,119,343 |
| Accumulated deficit | (7,068,547) | (1) | (446,529) | (7,515,076) |
| Stockholders equity | 4,679,883 | | (1,042,368) | 3,637,715 |
| Less prepaid consulting | (1,042,368) | (2) | 1,042,368 | |

| | | | |
|---|---|---|---|
| Total stockholders equity | 3,637,515 | | 3,637,515 |
| **TOTAL LIABILITIES AND STOCKHOLDERS EQUITY** | $ 4,651,383 | $ | $ 4,651,383 |

| Adjusting entries: | Debit | Credit | |
|---|---|---|---|
| 1 Accumulated deficit | 446,529 | | Share-based compensation expense |
| Additional paid-in capital | | 446,529 | Share-based compensation expense |
| 2 Prepaid consulting | | 1,042,368 | Reclassify prepaid consulting |
| Additional paid-in capital | 1,042,368 | | Reclassify prepaid consulting |

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**APRIL 30, 2008 AND 2007**

**NOTE 2 - RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

| | As Previously Reported | Restatement Adjustments | As Restated |
|---|---|---|---|
| **OPERATING REVENUE** | | | |
| Personalized Oncology services | $ 1,399,940 | $ | $ 1,399,940 |
| **Total operating revenue** | 1,399,940 | | 1,399,940 |
| **COSTS AND OPERATING EXPENSES** | | | |
| Service expenses | 490,435 | | 490,435 |
| Research and development | 199,743 | | 199,743 |
| General and administrative | 703,176(1) | 446,529 | 1,149,705 |
| Total costs and operating expenses | 1,393,354 | 446,529 | 1,839,883 |
| **INCOME (LOSS) BEFORE OTHER INCOME** | 6,586 | (446,529) | (439,943) |
| Other income | | | |
| Interest income | 29,112 | | 29,112 |
| **INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES** | 35,698 | | (410,831) |
| Provision for income taxes | | | |
| **NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS** | $ 35,698 | $ (446,529) | $ (410,831) |
| **BASIC AND DILUTED INCOME (LOSS) PER COMMON SHARE** | $ 0.00 | $ (0.01) | $ (0.01) |

| Adjusting entries: | Debit | Credit | |
|---|---|---|---|
| (1) Share-based comp exp | 446,529 | | Share-based comp exp |

| | | |
|---|---|---|
| | | 2008 Share-based comp exp |
| Additional paid-in capital | 446,529 | 2008 |

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**APRIL 30, 2008 AND 2007**

**NOTE 2 - RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

| | As Previously Reported | Restatement Adjustments | As Restated |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net income (loss) | $ 35,698(1) | $ (446,529) | $ (410,831) |
| **Adjustments to reconcile net income (loss) to net cash provided by operating activities:** | | | |
| Stock based compensation | 170,127(1) | 446,529 | 616,656 |
| Changes in operating assets and liabilities: | | | |
| Prepaid expenses and other receivables | (52,873) | | (52,873) |
| Accounts payable and accrued liabilities | 107,341 | | 107,341 |
| Deferred revenue | 504,623 | | 504,623 |
| Other accrued expenses | 27,488 | | 27,488 |
| **Net cash provided by operating activities** | 792,404 | | 792,404 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of intangible assets | (47,465) | | (47,465) |
| Cash received in Biomerk acquisition | 471,377 | | 471,377 |
| **Net cash provided by investing activities** | 423,912 | | 423,912 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Payment of officers loan payable | (43,693) | | (43,693) |
| Proceeds from sale of common stock | 2,500,000 | | 2,500,000 |
| Proceeds from exercise of options and warrants | 32,755 | | 32,755 |
| **Net cash provided by financing activities** | 2,489,062 | | 2,489,062 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 3,705,378 | | 3,705,378 |
| **CASH AND CASH EQUIVALENTS BEGINNING OF YEAR** | 3,758 | | 3,758 |

| | | | | |
|---|---|---|---|---|
| **CASH AND CASH EQUIVALENTS** | **END OF YEAR** | $ 3,709,136 | $ | $ 3,709,136 |

| Adjusting entries: | Debit | Credit | |
|---|---|---|---|
| (1) Share-based comp exp | 446,529 | | Share-based compensation expense |
| Additional paid-in capital | | 446,529 | Share-based compensation expense |

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**APRIL 30, 2008 AND 2007**

## NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Principles of Consolidation

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

### Revenue Recognition

The Company derives revenue from its Personalized Oncology services which assist physicians by providing information that may enhance personalized treatment options for their cancer patients through access to expert medical information panels and tumor specific data. Revenues are also derived from the Company s Preclinical eValuation services which offer the benefits of its Preclinical Platform to pharmaceutical and biotechnology companies using Biomerk Tumorgraft studies which have been shown to be predictive of how drugs perform in clinical settings. The Company s revenue is described as Personalized Oncology services in the Consolidated Statements of Income.

Revenue is recognized in accordance with the SEC s Staff Accounting Bulletin No. 104, Revenue Recognition ( SAB 104 ). SAB 104 requires that four basic criteria be met before revenue can be recognized: 1) persuasive evidence of an arrangement exists; 2) delivery has occurred or services rendered; 3) the fee is fixed and determinable; and 4) collectability is reasonably assured. As to 1), our business practices require that our services be performed pursuant to contracts with our customers. As to 2), we recognize revenue when services are rendered to our customers. As to 3), the fee is determined and fixed at the time the contract is executed. As to 4), our business practices require that fees for services be remit upon execution of the contract, either in full or in contractual amounts based on management s judgments regarding the fixed nature of our arrangements taking into account termination provisions and the collectability of fees under our arrangements.

The Company s revenue was solely derived from its Personalized Oncology services during the year ended April 30, 2008.

### Accounting for Acquisition

The Company has accounted for its acquisition under the purchase method of accounting for business combinations. Under the purchase method of accounting, the cost, including transaction costs, are allocated to the underlying net assets, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

### Goodwill and Other Intangible Assets

In June 2001, the Financial Accounting Standards Board ( FASB ) issued Statement No. 142 Goodwill and Other Intangible Assets . This statement addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, Intangible Assets . It addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. This Statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements.

### 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.

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**APRIL 30, 2008 AND 2007**

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

**Accounting for Acquisition**

The Company has accounted for its acquisition under the purchase method of accounting for business combinations. Under the purchase method of accounting, the cost, including transaction costs, are allocated to the underlying net assets, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

**Impairment of Goodwill and Other Intangible Assets**

Goodwill is tested annually for impairment and are tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset s fair value. The Company assesses the recoverability of its goodwill and other intangible assets by comparing the projected undiscounted net cash flows associated with the related asset, over the remaining lives, in comparison to their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets.

**Deferred Revenue**

Deferred revenue represents payments received in advance for services to be performed. When services are rendered, deferred revenue is then recognized as earned.

**Research and Development**

Research and development costs are expensed as incurred.

**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 income (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 in 2007 because to do so would be anti-dilutive for the year presented.

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
**APRIL 30, 2008 AND 2007**

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Loss Per Share (Continued)**

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

| | | April 30, 2008 Restated | April 30, 2007 |
|---|---|---|---|
| Net Loss | | $ (410,831) | $ (170,058) |
| Weighted-average common shares outstanding | basic | 31,494,025 | 20,459,726 |
| Weighted-average common stock Equivalents | | | |
| Stock options | | | |
| Warrants | | | |
| Weighted-average common shares Outstanding | diluted | 31,494,025 | 20,459,726 |

**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.

**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.

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
**APRIL 30, 2008 AND 2007**

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Stock-Based Compensation**

Employee stock awards under the Company s compensation plans are accounted for in accordance with Statement of Financial Accounting Standards No. 123 (Revised 2004), Share-Based Payment ( SFAS 123(R) ). SFAS 123(R) 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 123(R) include stock options, restricted stock plans, performance-based awards, stock appreciation rights, and employee share purchase plans. The provisions of SFAS 123(R), as amended, are effective for small business issuers beginning as of the next fiscal year after December 15, 2005. Accordingly, the Company implemented the revised standard in the first quarter of fiscal year 2007.

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**

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 fai 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 during the quarter ending July 31, 2008.

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.

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
**APRIL 30, 2008 AND 2007**

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Liabilities, including an amendment of FASB Statement No. 115 ( SFAS No. 159 ). SFAS No. 159 permits entities to choose, at specified election dates, to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Unrealized gains and losses shall be reported on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157 Fair Value Measurements ( SFAS No. 157 ). The Company is currently assessing the impact that SFAS No. 159 will have on its financial statements.

**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

**Operating leases**

The Company leases, as tenant, space under an operating lease, which expires September 30, 2008. The Company also leases, as tenant, space under an operating lease which expires August 31, 2008.

Rental expense during the year ended April 30, 2008 and 2007 was $8,500 and $420, respectively.

**NOTE 5 - OTHER ACCRUED EXPENSES**

This account represents accrued officer s payroll and related payroll taxes. This liability was paid in full in May 2008.

**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 were repaid during the year ended April 30, 2008 without interest.

**NOTE 7 - STOCKHOLDERS EQUITY (DEFICIT)**

**Common Stock**

The Company has 50,000,000 shares authorized and 33,247,718 shares issued and outstanding at April 30, 2008.

There were 5,623,060 shares of common stock issued during the year ended April 30, 2008 and 10,800,000 in 2007.

During the year ended April 30, 2008, the Company issued 1,623,060 shares of restricted stock for cash of $2,532,755.

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

During the year ended April 30, 2007, the Company issued 300,000 shares of restricted stock in exchange for patent rights valued at $180,000.

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
**APRIL 30, 2008 AND 2007**

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

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

On May 18, 2007, the Company entered into an Agreement and Plan of Merger with Biomerk, Inc., a privately owned company, whereby the Company issued 4,000,000 restricted shares of its common stock to acquire 100% of the outstanding stock of Biomerk, Inc.

**Preferred Stock**

The Company has 56,075 shares of preferred stock authorized and no shares issued and outstanding at April 30, 2008. There were no issuances of preferred stock during the year ended April 30, 2008. 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 340,000 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 $425,000 as of April 30, 2008 using the Black-Scholes Merton valuation model.

On May 15, 2007, the Company entered into a consulting agreement to issue 500,000 options, exercisable over a five-year period based on a fair value exercise price on the date of issuance ($0.30) exercisable expiring through May 15, 2012 for services to be rendered over three years. The options vest as follows: 166,665 upon the first anniversary of the grant date, 166,665 upon the second anniversary of the grant date and 166,670 upon the third anniversary of the grant date and have been valued at $528,500 using the Black-Scholes Merton valuation model.

On May 15, 2007, the Company entered into a consulting agreement to issue 25,000 options, exercisable over a five-year period based on a fair value exercise price on the date of issuance ($0.30) exercisable expiring through May 15, 2012 for services to be rendered over one year. The options vest on May 15, 2008 and have been valued at $26,025 using the Black-Scholes Merton valuation model.

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
**APRIL 30, 2008 AND 2007**

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

On October 10, 2007, the Company entered into a consulting agreement to issue 500,000 options, exercisable over a five-year period based on a fair value exercise price on the date of issuance ($0.75) exercisable expiring through October 10, 2012 for services to be rendered over three years. The options vest as follows: 166,665 upon the first anniversary of the grant date, 166,665 upon the second anniversary of the grant date and 166,670 upon the third anniversary of the grant date and have been valued at $316,841 using the Black-Scholes Merton valuation model.

On March 27, 2008, the Company entered into a consulting agreement to issue 200,000 options, exercisable over a five-year period based on a fair value exercise price on the date of issuance ($1.05) exercisable expiring through March 27, 2013 for services to be rendered over three years. The options vest as follows: 66,666 upon the first anniversary of the grant date, 66,666 upon the second anniversary of the grant date and 66,668 upon the third anniversary of the grant date and have been valued at $166,600 using the Black-Scholes Merton valuation model.

On March 31, 2008, the Company entered into consulting agreements to issue 275,000 options, exercisable over a five-year period based on a fair value exercise price on the date of issuance ($1.15) exercisable expiring through March 31, 2013 for services to be rendered over three years. The options vest as follows: 91,666 upon the first anniversary of the grant date, 91,666 upon the second anniversary of the grant date and 91,667 upon the third anniversary of the grant date and have been valued at $222,448 using the Black-Scholes Merton valuation model.

Total share-based compensation expense recognized for the year ending April 30, 2008 and 2007 was $616,656 and $11,046, respectively.

**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.

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

| Exercise Price | Expiration Date | Year Ended April 30, 2008 |
|---|---|---|
| $0.15 | January 15, 2012 | 361,328 |
| $0.25 | January 15, 2012 | 469,184 |
| | | 830,512 |
| | Weighted Average exercise price | $ 0.20 |

As of April 30, 2008, 830,312 warrants are exercisable.

There were 830,512 warrants outstanding for the year ended April 30, 2008.

Table of Contents

**CHAMPIONS BIOTECHNOLOGY, INC.**
**FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
**APRIL 30, 2008 AND 2007**

## NOTE 8 - PROVISION FOR INCOME TAXES

Deferred income taxes are 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 are 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, 2008 and 2007, deferred tax assets consist of the following:

| | 2008 Restated | 2007 |
|---|---|---|
| Deferred tax asset | $ 2,630,276 | $ 2,467,155 |
| Less: valuation allowance | (2,630,276) | (2,467,155) |
| Net deferred tax asset | $ -0- | $ -0- |

At April 30, 2008 and 2007, the Company had federal net operating loss carry-forwards in the approximate amounts of $7,515,076 and $7,104,245 available to offset future taxable income subject to Section 382 analysis limitations 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.

Table of Contents

**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/ Douglas D. Burkett

Douglas D. Burkett
President and Principal Executive Officer
Date: August 26, 2009

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/ Mark R. Schonau

Mark R. Schonau
Chief Financial Officer
Date: August 26, 2009

By: /s/ David Sidransky

Chairman
Director
Date: August 26, 2009

By: /s/ James Martell

Chief Administrative Officer
Director
Date: August 26, 2009

By: /s/ Abba Poliakoff

Director
Date: August 26, 2009

By: /s/ Ana Stancic

Director
Date: August 26, 2009

Table of Contents

## EXHIBIT INDEX

| Exhibit No. | |
|---|---|
| 10.1 | Employment Agreement dated March 27, 2008 between the Company and Douglas D. Burkett** |
| 10.2 | Employment Agreement dated March 31, 2008 between the Company and James Martell** |
| 10.3 | Employment Agreement dated March 26, 2008 between the Company and Durwood C. Settles** |
| 14 | Code of Ethics* |
| 21 | Subsidiaries of the Registrant* |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer* |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer* |
| 32.1 | Section 1350 Certifications* |

* Filed herewith.

** Previously filed.