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

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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

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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

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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.

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PART IV

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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.

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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.

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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.

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

- the timing and cost of 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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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).

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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.

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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.	