

CHAMPIONS BIOTECHNOLOGY, INC.
Form 10-Q/A
August 01, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB/A
(Amendment No. 1)

Mark One

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

For the quarterly period ended January 31, 2008

OR

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

For the transition period from to

Commission file number 0-17263

CHAMPIONS BIOTECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
organization)

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

1400 N. 14th Street, Arlington VA 22209
(Address of principal executive offices)
(Zip code)

(410) 630-1313
(Registrant's telephone number, including area code)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

As of February 27, 2008 the Registrant had a total of 31,794,146 shares of common stock outstanding.

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

The Registrant hereby amends its Quarterly Report on Form 10-QSB for the fiscal quarter ended January 31, 2008, which was filed with the Commission on March 6, 2008, to correct the timing of recorded revenue. As previously filed, the Registrant recognized \$1,174,940 in revenue (\$.02 per [basic/diluted] share) during its fiscal quarter ended January 31, 2008. As part of the Registrant's due diligence in preparing its Annual Report on Form 10-KSB for the fiscal year ended April 30, 2008, the Registrant reclassified \$300,000 of revenues which it had previously recorded in the third fiscal quarter and deferred and recognized it to the fourth fiscal quarter. This increased the accumulated deficit from \$6,630,234 to \$6,930,234 and reduced the earnings per share (basic/diluted) to \$0.01. This change had no impact on the annual results for the year ended April 30, 2008 as reflected in the registrant's Annual Report on Form 10-KSB.

**CHAMPIONS BIOTECHNOLOGY, INC.
FORM 10-QSB**

INDEX

		<u>Page</u>
Part I.	Financial Information	
	Item 1. Financial Statements	
	Condensed Consolidated Balance Sheet as of January 31, 2008 (Unaudited)	5
	Condensed Consolidated Statements of Operations for the Nine months and Three months ended January 31, 2008 and 2007 (Unaudited)	6
	Condensed Consolidated Statements of Cash Flows for the Nine months ended January 31, 2008 and 2007 (Unaudited)	7
	Notes to Condensed Consolidated Financial Statements (Unaudited)	8-16
	Item 2. Management's Discussion and Analysis or Plan of Operation	17-19
	Item 3. Controls and Procedures	19
Part II.	Other Information and Signatures	
	Item 6. Exhibits	20
	Signatures	21
	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	22
	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	23
	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	24

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2008 AND 2007 (UNAUDITED)**

3

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2008 AND 2007 (UNAUDITED)**

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

Condensed Consolidated Balance Sheet as of January 31, 2008 (Unaudited)

5

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Condensed Consolidated Statements of Operations for the Nine months and Three months ended January 31, 2008 and 2007 (Unaudited)	6
Condensed Consolidated Statements of Cash Flows for the Nine months ended January 31, 2008 and 2007 (Unaudited)	7
Notes to Condensed Consolidated Financial Statements (Unaudited)	8-16

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
CONDENSED CONSOLIDATED BALANCE SHEET
AS OF JANUARY 31, 2008 (UNAUDITED)**

ASSETS

(Restated)

CURRENT ASSETS

Cash and cash equivalents	\$ 1,072,453
Supplies	47,466

Total Current Assets	1,119,919
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Intangibles assets	191,745
Goodwill	661,909

TOTAL ASSETS	\$ 1,973,573
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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 111,778
Deferred revenue	300,000
Other accrued expenses	351,394

Total current liabilities	763,172
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COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY

Common stock, \$.001 par value; 50,000,000 shares authorized; 31,794,146 shares issued and outstanding	31,794
Additional paid-in capital	8,526,789
Accumulated deficit	(6,930,234)
	1,628,349

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Less: prepaid consulting	(417,948)
Total stockholders' equity	1,210,401

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY **\$ 1,973,573**

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

5

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS AND THREE MONTHS ENDED JANUARY 31, 2008 AND 2007 (UNAUDITED)**

	Nine Months Ended January 31 (Restated)		Three Months Ended January 31 (Restated)	
	2008	2007	2008	2007
OPERATING REVENUE				
Services	\$ 874,940	\$ -	\$ 624,940	\$ -
Total operating revenue	874,940	-	624,940	-
COSTS AND OPERATING EXPENSES				
Service expenses	264,262	-	201,222	-
Supplies	75,000	-	-	-
General and administrative	377,724	74,086	118,776	37,198
Total costs and operating expenses	716,986	74,086	319,998	37,198
INCOME (LOSS) BEFORE OTHER INCOME	157,954	(74,086)	304,942	(37,198)
Other income				
Interest income	16,057	-	6,064	-
Total other income	16,057	-	6,064	-
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	174,011	(74,086)	311,006	(37,198)
Provision for income taxes	-	-	-	-
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	\$ 174,011	\$ (74,086)	\$ 311,006	\$ (37,198)
BASIC AND DILUTED INCOME (LOSS) PER COMMON SHARE	\$ 0.01	\$ (0.00)	\$ 0.01	\$ (0.00)
WEIGHTED AVERAGE SHARES OUTSTANDING (BASIC)	31,386,454	20,489,493	31,692,654	18,091,931
	32,468,344	-	32,774,544	-

**WEIGHTED AVERAGE SHARES OUTSTANDING
(DILUTED)**

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

6

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JANUARY 31, 2008 AND 2007 (UNAUDITED)**

	(Restated) 2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 174,011	\$ (74,086)
Adjustments to reconcile net (loss) to net cash Provided by (used in) operating activities:		
(Increase) in supplies	(47,466)	-
Increase (decrease) in accounts payable	61,268	(11,589)
Increase in deferred revenue	300,000	-
Increase (decrease) in other accrued expenses	15,743	24,221
Amortization of prepaid consulting services	108,950	-
Total adjustments	438,495	12,632
Net cash provided by (used in) operating activities	612,506	(61,454)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Payment of) proceeds from officers loan	(43,693)	43,693
Proceeds from sale of restricted common stock	28,505	38,000
Net cash provided by (used in) financing activities	(15,188)	81,693
NET INCREASE IN CASH AND CASH EQUIVALENTS	597,318	20,239
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	475,135	540
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 1,072,453	\$20,779
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest paid	\$ -	\$ 2,277

Income taxes paid

\$ -

\$ -

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

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

In May 2007, the Company issued 525,000 stock-options for prepaid consulting services valued at \$157,473.

In May 2007, the Company issued 4,000,000 shares for 100% of the shares of Biomerk, Inc.

In October 2007, the Company issued 500,000 stock options for prepaid consulting services valued at \$336,287.

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

7

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2008 AND 2007 (UNAUDITED)**

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 for companies and physicians. The Company was incorporated under the laws of the State of Delaware in June 1985 as a merger and acquisition company under the name "International Group, Inc." In September 1985, the Company completed a public offering, and in January 1986, acquired the world-wide rights to the Champions sports theme restaurant concept and subsequently changed its name to "Champions Sports, Inc." In 1997, the Company sold its Champions service mark and concept for sports themed restaurants to Marriott International, Inc. and since then until January 2007, had been seeking a new business direction. In January 2007, the Company changed its name to Champions Biotechnology, Inc. to reflect the decision of the Company to focus on biotechnology. In May 2007, the Company acquired Biomerk, Inc., a privately owned company focused on generating a novel preclinical platform of human cancer tumor immune-deficient mice xenografts (Biomerk Tumorgrafts™).

The condensed unaudited interim consolidated financial statements included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The condensed consolidated financial statements and notes are presented as permitted on Form 10-QSB and do not contain information included in the Company's annual statements and notes. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed consolidated financial statements be read in conjunction with the April 30, 2007 audited consolidated financial statements and the accompanying notes thereto. While management believes the procedures followed in preparing these condensed consolidated financial statements are reasonable, the accuracy of the amounts are in some respects dependent upon the facts that will exist, and procedures that will be accomplished by the Company later in the year.

These condensed unaudited consolidated financial statements reflect all adjustments, including normal recurring adjustments, which, in the opinion of management, are necessary to present fairly the operations and cash flows for the period presented.

As stated in Note 8, the Company has amended its previously issued condensed consolidated financial statements for the three months ended

January 31, 2008 to reclassify \$300,000 as deferred revenue previously recorded as revenue. The effect of this change resulted in a reduction of net income for the three months ended January 31, 2008 of \$300,000 to net income of \$174,011 and an increase in the accumulated deficit to \$6,930,234.

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JANUARY 31, 2008 AND 2007 (UNAUDITED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

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.

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 and other intangible assets are 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.

Use of Estimates

The preparation of condensed 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.

9

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JANUARY 31, 2008 AND 2007 (UNAUDITED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Net Loss Per Share**

Historical net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share (EPS) include additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents were not included in the computation of diluted earnings per share for the nine months ended January 31, 2007 when the Company reported a loss because to do so would have been antidilutive.

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

	(Restated)	
	January 31, 2008	January 31, 2007
Net income (loss)	\$ 174,011	\$ (74,086)
Weighted-average common shares outstanding (basic)	31,386,454	20,489,493
Weighted-average common stock equivalents		
Stock options	439,835	-
Warrants	642,055	-
Weighted-average common shares outstanding (diluted)	32,468,344	20,489,493

10

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)**

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JANUARY 31, 2008 AND 2007 (UNAUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the condensed consolidated statements of cash flow, the Company considers all highly liquid debt instruments purchased with a maturity of three 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.

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 123R"). SFAS 123R requires that compensation cost related to share-based payment transactions be recognized in the financial statements. Share-based payment transactions within the scope of SFAS 123R include stock options, restricted stock plans, performance-based awards, stock appreciation rights, and employee share purchase plans. The provisions of SFAS 123R, as amended, are effective for small business issuers beginning as of the next fiscal year after December 15, 2005. Accordingly, the Company implemented the revised standard in the first quarter of fiscal year 2007.

11

CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JANUARY 31, 2008 AND 2007 (UNAUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stock-Based Compensation (Continued)

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

equity instrument is charged directly to compensation expense and additional paid-in capital.

Recent Accounting Pronouncements

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

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

12

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JANUARY 31, 2008 AND 2007 (UNAUDITED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

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

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

In September 2006, The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurement" ("SFAS No. 157"). This standard provides guidance for using fair value to measure assets and liabilities. SFAS

No. 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances. Prior to SFAS No. 157, the methods for measuring fair value were diverse and inconsistent, especially for items that are not actively traded. The standard clarifies that for items that are not actively traded, such as certain kinds of derivatives, fair value should reflect the price in a transaction with a market participant, including an adjustment for risk, not just the company's mark-to-model value. SFAS No. 157 also requires expanded disclosure of the effect on earnings for items measured using unobservable data. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the impact of this statement on its financial statements and expects to adopt SFAS No.157 January 31, 2008.

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JANUARY 31, 2008 AND 2007 (UNAUDITED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

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

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 3 OTHER ACCRUED EXPENSES

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

NOTE 4 - OFFICER LOANS PAYABLE

For the nine months ended January 31, 2007, the Company received working capital advances from an officer of the Company which were repaid during the nine months ended January 31, 2008 without interest.

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JANUARY 31, 2008 AND 2007 (UNAUDITED)**

NOTE 5 - STOCKHOLDERS' EQUITY

Common Stock

The Company has 50,000,000 shares authorized and 31,794,146 shares issued and outstanding at January 31, 2008.

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.

Stock Options

On January 15, 2007, the Company entered into various agreements with consultants to issue three hundred and forty thousand options, exercisable over a five year period based on a fair value exercise price on the date of issuance (\$0.17) exercisable expiring through January 15, 2012 for services to be rendered. The options vested on January 15, 2008 and have been valued at \$44,184 using the Black-Scholes Model with an annualized volatility rate of 100% and a bond interest rate of 4.43%. Amortization expense for services rendered was \$33,138 for the nine months ended January 31, 2008. On May 15, 2007, the Company entered into a consulting agreement to issue five hundred thousand 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 \$149,974 using the Black-Scholes Model with an annualized volatility rate of 270% and a bond interest rate of 4.35%. Amortization expense for services rendered was \$35,745 for the nine months ended January 31, 2008. On May 15, 2007, the Company entered into a consulting agreement to issue twenty-five thousand 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 \$7,499 using the Black-Scholes Model with an annualized volatility rate of 270% and a bond interest rate of 4.35%. Amortization expense for services rendered was \$5,364 for the nine months ended January 31, 2008. On October 10, 2007, the Company entered into a consulting agreement to issue five hundred thousand 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 \$336,287 using the Black-Scholes Model with an annualized volatility rate of 141% and a bond interest rate of 4.38%. Amortization expense for services rendered was \$34,703 for the nine months ended January 31, 2008.

**CHAMPIONS BIOTECHNOLOGY, INC. AND SUBSIDIARIES
(FORMERLY CHAMPIONS SPORTS, INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
JANUARY 31, 2008 AND 2007 (UNAUDITED)**

NOTE 6 - GOING CONCERN

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

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

initiatives.

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

NOTE 7 - PROVISION FOR INCOME TAXES

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

At January 31, 2008 and 2007, deferred tax assets consist of the following:

	(Restated)			
	2008		2007	
Deferred tax asset	\$	2,425,582	\$	2,452,896
Less: valuation allowance		(2,425,582)		(2,452,896)
Net deferred tax asset	\$	-0-	\$	-0-

At January 31, 2008 and 2007, the Company had federal net operating loss carryforwards in the approximate amounts of \$6,930,234 and \$7,008,273 available to offset future taxable income. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

NOTE 8 - RESTATEMENT

The Company has amended its previously issued condensed consolidated financial statements for the three months ended January 31, 2008 to reclassify \$300,000 as deferred revenue previously recorded as revenue. The effect of this change resulted in a reduction of net income for the three months ended January 31, 2008 of \$300,000 to net income of \$174,011 and an increase in the accumulated deficit to \$6,930,234. This also reduced earnings per share (basis/diluted) from \$0.02 to \$0.01.

Item 2. Management's Discussion and Analysis or Plan of Operation

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This document contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act that inherently involve risk and uncertainties. The Company generally uses words such as "believe," "may," "could," "will," "intend," "estimate," "expect," "anticipate," "plan," "likely," "promise" and similar expressions to identify forward-looking statements. One should not place undue reliance on these forward-looking statements. The Company's actual results could differ materially from those anticipated in the forward-looking statements for many unforeseen factors, which may include, but are not limited to, changes in general economic conditions, the ongoing threat of terrorism, ability to have access to financing sources on reasonable terms and other risks that are identified under "RISK FACTORS" of the Company's most recent Form 10-KSB. 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.

Company Overview and Recent Developments

Champions Biotechnology, Inc. (referred in this 10-QSB by terms "Company", "we" or "our") is engaged in the development of advanced preclinical platforms and predictive tumor specific data to enhance and accelerate the value of oncology drugs for companies and physicians. The Company intends to improve methods and approaches to disease treatment. Our current plan calls for the development of a management team, selection and appointment of new members to our Board of Directors, formation of a Scientific Advisory Board and securing additional funding to accelerate the development of the Company's preclinical platform and drug portfolio.

Our Preclinical Platform is a novel approach based upon the direct implantation of primary human tumors in immune deficient mice and propagation of the resulting xenografts (BiomerK Tumorgrafts™) in a manner that preserves the biological characteristics of the original human tumor. BiomerK Tumorgrafts™, unlike cell line derived xenografts used in traditional preclinical testing, are never passed in cell tissue culture. The Company believes that these Tumorgrafts more closely reflect human cancer biology and their response to drugs is more predictive of clinical outcomes in cancer patients. The Company has several patent applications relating to the use of its preclinical models in identifying potentially active chemotherapeutic agents.

We plan to leverage our preclinical platform to evaluate drug candidates and develop a portfolio of novel therapeutic candidates through pre-clinical trials. If drugs reach this early stage of development, the Company intends to sell, partner with or license them to pharmaceutical and/or biotechnology companies, as appropriate. Management believes this strategy will enable the Company to maximize its return on investment in a relatively short time frame.

The Company also offers its preclinical platform and predictive tumor data to physicians for personalized patient care and to companies for a more predictive evaluation of oncology drugs in models that integrate drug evaluation with biomarker discovery. The Company expanded its preclinical platform, grew its physician services and advanced its research collaborations during the quarter. Recently the Company entered into a Master Services Agreement for preclinical evaluation of oncology drug candidates with one of the world's leading pharmaceutical companies.

In October, 2007, Dr. David Sidransky was appointed the Chairman of the Board of Directors. Dr. Sidransky is a renowned oncologist and research scientist named and profiled by TIME magazine in 2001 as one of the top physicians and scientists in America, recognized for his work with early detection of cancer. He is the Director of the Head and Neck Cancer Research Division at Johns Hopkins University School of Medicine and Professor of Oncology, Otolaryngology, Cellular & Molecular Medicine, Urology, Genetics, and Pathology at John 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 300 peer-reviewed publications. He has contributed more than 40 cancer reviews and chapters. Dr. Sidransky is a founder of a number of biotechnology companies and holds numerous biotechnology patents. He has served as Vice Chairman of the Board of Directors, and presently is a director of ImClone. He is the Chairman of Alfacell and serves on the Board of Directors of Xenomics. He is serving and has served on scientific advisory boards of MedImmune, Roche, Amgen and Veridex, LLC (a Johnson & Johnson diagnostic company), among others. Dr. Sidransky serves as Director (2005-2008) of American Association for Cancer Research (AACR). He was the chairperson of AACR International Conferences (2006 and 2007) on Molecular Diagnostics in Cancer Therapeutic Development: Maximizing Opportunities for Individualized Treatment. Dr. Sidransky is the recipient of a number of 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.

In May 2007, we acquired BiomerK, Inc., a company focused on generating a novel preclinical platform of human cancer tumor immune-deficient mice xenografts (BiomerK Tumorgrafts™). BiomerK Tumorgrafts™, unlike standard cell line derived xenografts, are implanted directly from primary human cancer tumors. The Company believes that these xenografts more closely reflect human cancer biology and are more predictive of clinical outcome. The Company believes that it as well as biotechnology and pharmaceutical companies, as part of their drug discovery and post marketing efforts, may benefit from utilizing the Company's preclinical platform that is more predictive and may provide for a faster and less expensive path for drug approval.

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

Analogs.

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

Results of Operation

For the nine months ended January 31, 2008, the Company's net income was \$174,011 producing earnings per share of \$0.01 and the net income for the three months ended January 31, 2008 was \$311,006 producing earnings per share of \$0.01. For the nine months ended January 31, 2007, the Company's net loss was \$74,086 and the net loss for the three months ended January 31, 2007 was \$37,198. In the nine months ended January 31, 2008, the Company began its operations as a biotechnology company while in the nine months ended January 31, 2007, it had no operations. The Company acquired Biomerk, Inc. in May 2007. The Company's total assets at January 31, 2008 were \$1,973,573. The Company's total assets at January 31, 2007 were \$20,779.

Revenues

The Company's total operating revenues were \$874,940 for the nine months ended January 31, 2008 and \$624,940 for the three months ended January 31, 2008. The Company generated revenues for the nine months ended January 31, 2008 for providing oncology services.

Expenses

For the nine months ended January 31, 2008, expenses were \$716,986 and \$319,998 for the three months ended January 31, 2008 compared to \$74,086 for the nine months ended January 31, 2007 and \$37,198 for the three months ended January 31, 2007. The increased expenses represented the Company moving forward in executing its new business plan of building a biotechnology company. For the nine months ended January 31, 2008, service expenses were \$264,262 and general and administrative expenses were \$377,724. For the three months ended January 31, 2008, service expenses were \$201,222 and general and administrative expenses were \$118,776. The service expenses were due to significant increase in the Company's operating activities providing oncology services for administrating expert medical information panels and for preclinical services. The increase in general and administrative expenses was due to increase in professional legal and accounting fees relating to the acquisition of Biomerk, Inc., fees associated with maintaining the Company's patent position and stock option based amortized compensation. For the nine months ended January 31, 2007, the expenses of \$74,086 were associated with the maintenance of the Company as it was seeking a new business direction.

18

Liquidity and Capital Resources

The Company's cash position as of January 31, 2008 was \$1,072,453, compared to \$3,758 on April 30, 2007. For the nine month period ended January 31, 2008, the Company's operations provided \$612,506.

The Company's working capital was \$356,747 at January 31, 2008 versus a deficit of \$441,065 at April 30, 2007. This increase in working capital was due to the operations of the Company during the nine months ended January 31, 2008 after the acquisition, on May 18, 2007, of Biomerk, Inc., a private company.

The Company anticipates that the revenues generated for the nine months ended January 31, 2008 and the Biomerk acquisition, which provided the Company with approximately \$475,000 cash, may cover operating costs until longer term capital is obtained to finance the Company's future development. There is no assurance that this can be accomplished on terms satisfactory to the Company.

Item 3. Controls and Procedures

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

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

Management did not use a framework to conduct the required evaluation of the effectiveness of the Company's internal control over financial reporting since, in the view of management, comparison with a framework was unwarranted because the size of the Company's current operations are such that management is aware of all current transactions and also that the size of the Company prevents it from being able to employ sufficient staffing resources to enable the Company to have adequate segregation of duties within its internal control system.

An evaluation was conducted by the Company's president as to the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the quarterly period ending January 31, 2008 covered by this Quarterly Report on Form 10-QSB. Based upon such evaluation, the Company's president concluded that, as of the end of such period, the Company's disclosure controls and procedures were not effective as required under Rules 13a-15(e) and 15d-15(e) under the Exchange Act.

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

19

There was no change in the Company's internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-QSB that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Critical Accounting Policies

In the notes to the condensed consolidated financial statements for the quarter ended January 31, 2008 included in the Company's Form 10-QSB, the Company discussed those accounting policies that are considered to be significant in determining the results of operations and our financial position. We believe that the accounting principles utilized by us conform to accounting principles generally accepted in the United States of America.

Part II. Other Information

Item 6. Exhibits

31.1 Certification of the Chief Executive and Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).

31.2 Certification of the Chief Executive and Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.

32.1 Section 1350 Certifications

20

SIGNATURES

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHAMPIONS BIOTECHNOLOGY, INC.

/s/ Douglas D. Burkett
Douglas D. Burkett
Principal Executive Officer

Date: August 1, 2008

21

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Section 302 Certification

I, DOUGLAS D. BURKETT, certify that:

- (1) I have reviewed this quarterly report on Form 10-QSB of CHAMPIONS BIOTECHNOLOGY, INC., a Delaware corporation (the "registrant");
- (2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - (a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our

evaluation as of the Evaluation Date;

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

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

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

(6) The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. Date: August 1, 2008

By:

/s/ Douglas D. Burkett
Douglas D. Burkett
Principal Executive Officer

22

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification

I, DURWOOD C. SETTLES, certify that:

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

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

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

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

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

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

(c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our

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evaluation as of the Evaluation Date;

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

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

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

(6) The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. Date: August 1, 2008

By:

/s/ Durwood C. Settles
Durwood C. Settles
Chief Financial Officer

23

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

In connection with the quarterly report of Champions Biotechnology, Inc. (the "Company") on Form 10-QSB for the nine months ended January 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

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

Date: August 1, 2008

By: /s/ Douglas D. Burkett
Douglas D. Burkett
Principal Executive Officer

/s/Durwood C. Settles
Durwood C. Settles
Chief Financial Officer

