Back to Table of Contents

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JANUARY 23, 2007

REGISTRATION NO. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2
TO

FORM SB-2

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

LIXTE BIOTECHNOLOGY HOLDINGS, INC.

(Exact name of small business issuer in its charter)

DELAWARE	6770	20-2903526
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. employer identification number)

248 Route 25A, No. 2
East Setauket, New York 11733
(631) 942-7959
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

JOHN S. KOVACH
Chairman of the Board and Chief Executive Officer
248 Route 25A, No. 2
East Setauket, New York 11733
(631) 942-7959
(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:

DAVID FICKSMAN, ESQ.
TROY & GOULD, P.C.
1801 CENTURY PARK EAST. SUITE 1600
LOS ANGELES, CA. 90067
(310) 553-4441

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
FROM TIME TO TIME AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

Back to Table of Contents

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box: ☐

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered(1)	Amount To Be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price	Amount Of Registration Fee
Common Stock, $0.0001 par value	6,135,579	$ 0.33	$ 2,024,741	$ 216.65

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457 of the Securities Act of 1933, as amended, based upon a per share amount of $0.33, the negotiated price per share in the private sale by which the selling stockholders received the common stock identified herein to be registered. There is currently no trading market for the Registrant's common stock.

THE COMPANY HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE COMPANY SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

Back to Table of Contents

PROSPECTUS

LIXTE BIOTECHNOLOGY HOLDINGS, INC.

6,135,579 Shares of Common Stock, $0.0001 Par Value

This prospectus relates to the offer of up to 6,135,579 shares of the common stock of Lixte Biotechnology Holdings, Inc. (f/k/a SRKP 7, Inc.) by certain selling stockholders. Until the shares are listed on the OTC Bulletin Board, the shares may only be sold at a fixed price of $0.33. Thereafter, the shares may be sold at fixed prices, or prevailing market prices or privately negotiated prices.

There is not currently, and there has never been, any market for any of our securities. Our securities are not eligible for trading on any national securities exchange, the Nasdaq or other over-the-counter markets, including the OTC Bulletin Board.

INVESTMENT IN THE COMMON STOCK OFFERED BY THIS PROSPECTUS INVOLVES A HIGH DEGREE OF RISK. YOU MAY LOSE YOUR ENTIRE INVESTMENT. CONSIDER CAREFULLY THE "RISK FACTORS" BEGINNING ON PAGE 5 OF THIS PROSPECTUS BEFORE INVESTING.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is accurate or complete. It is illegal for anyone to tell you otherwise.

The date of this prospectus is January 23, 2007.

You should rely only on the information contained in this prospectus. We have not, and the selling stockholders have not, authorized anyone to provide you with additional or different information. If anyone provides you with different information, you should not rely on it. We are not, and the selling stockholders are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

TABLE OF CONTENTS

PROSPECTUS SUMMARY

This summary does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully, including the more detailed information regarding our company, the risks of purchasing our common stock discussed under "risk factors," and our financial statements and the accompanying notes.

Company Overview

We were organized as a blank check company formed for the purpose of effecting a business combination with an operating business. On June 30, 2006, pursuant to a Share Exchange Agreement dated as of June 8, 2006 among us, Dr. John S. Kovach and Lixte Biotechnology, Inc., we issued 19,021,786 shares of our common stock in exchange for all of the issued and outstanding shares of Lixte. As a result of this transaction, Lixte is now our wholly owned subsidiary, though from an historical perspective it was deemed to have been the acquirer in the reverse merger and the survivor of the reorganization. On December 7, 2006, we changed our name from SRKP 7, Inc. to Lixte Biotechnology Holdings, Inc.

Lixte was created to capitalize on opportunities for the company to develop low cost, specific, and sensitive tests for the early detection of cancers to better estimate prognosis, to monitor treatment response, and to reveal targets for development of more effective treatments.

Lixte is concentrating on discovering biomarkers for common cancers for which better diagnostic and therapeutic measures are needed. For each of these diseases a biomarker that would enable identification of the presence of cancer at a stage curable by surgery could possibly save thousands of lives annually. In addition, biomarkers specific to these diseases may also provide clues as to processes (biological pathways) that characterize specific cancer types and that may be vulnerable to drug treatment targeted to the activity of the biomarker.

Lixte's initial focus is on developing new treatments for the most common and most aggressive type of primary brain cancer, gliobastoma multiforme (which we refer to as GBM). Lixte entered into a Cooperative Research and Development Agreement (which we refer to as the CRADA) with the National Institute of Neurological Diseases and Stroke (which we refer to as NINDS) of the National Institutes of Health (which we refer to as NIH) to identify and evaluate drugs that target a specific biochemical pathway for GBM cell differentiation. The CRADA also covers research to determine whether expression of a component of this pathway correlates with prognosis in glioma patients.

The lead scientist at NINDS collaborating with Lixte under the CRADA is Dr. Zhengping Zhuang. Dr. Zhuang is internationally recognized for his research in molecular pathology. Dr. Zhuang has four issued and two pending patents related to molecular pathology of human cancers. He has recently discovered a biomarker of relevance to the growth of GBMs that Lixte believes can be used as a tool for identifying drugs that affect the growth of GBM cells. Under the CRADA, Lixte will support two persons at NIH to work under the direction of Dr. Zhuang. The goal is to identify drugs that inhibit GBM cell growth and to determine if the identified biomarker may be useful for estimation of prognosis. Lixte's annual contribution to the collaborative research done by Lixte and NIH is $200,000 for each of two years for two research assistants expected to be at the post-doctoral level and supplies.

Lixte sponsored the development and submission of a provisional patent application filed February 6, 2006 naming as co-inventors Dr. Zhuang, several other NIH investigators, and Dr. Kovach. When the final patent application is filed in early 2007, the named inventors will assign their rights in the inventions to their employers, meaning that any patent (or patents) arising out of the application will be jointly owned by the U.S. Government and Lixte. Lixte is currently in negotiations with the NIH to obtain the exclusive commercial rights to the inventions covered by the Provisional Patent Application. As its research progresses, Lixte expects to file further patent applications relating to the categories of products described below. Patent applications arising out of research pursuant to the CRADA are likely to be jointly owned by Lixte and the U.S. Government. In such cases of joint ownership, Lixte will

likely seek to obtain the exclusive commercial rights to those inventions, the terms of which are presently unknown.

Lixte's products will derive directly from its intellectual property consisting of its Provisional Patent Application and other patents it anticipates will arise out of its research activities. Those patents are expected to cover biomarkers uniquely associated with specific types of cancer, patents on methods to identify drugs that inhibit growth of specific tumor types and combinations of drugs and potential therapeutic agents for the treatment of specific cancers.

We face several potential challenges in our drive for commercial success, including raising sufficient capital to fund our business plan, achieving commercially applicable results of our research program, continued access to tissue and blood samples from cancer patients, competition from established, well funded companies with competitive technologies, and future competition from companies that are developing competitive technologies, some of whom are larger companies with greater capital resources than us.

Private Placement

We have filed this registration statement because we sold in private placements on June 30, 2006 and July 27, 2006, an aggregate of 3,555,220 shares of common stock to accredited investors at a per share price of $0.333, resulting in aggregate gross proceeds of $1,118,889. We paid to WestPark Capital, Inc. as placement agent, a commission of 10% and a nonaccountable fee of 4% on the gross proceeds of the private placement and issued two five year warrants to purchase common stock for a total of 12% of the number of shares sold in the private placement exercisable at $0.333 per share.

We have also agreed to include the shares of common stock owned by certain of our original stockholders in the registration statement.

The Offering

Securities Offered by certain of our original stockholders	Up to 2,580,359 shares of our common stock.
Securities Offered by investors in the private placement	Up to 3,555,220 shares of our common stock that are currently outstanding.
Use of Proceeds	We will not receive any proceeds from the sale of shares by the selling stockholders in this offering.
Risk Factors	An investment in our common stock involves a high degree of risk and could result in a loss of your entire investment.

Executive Offices

Our executive offices are located at 248 Route 25A, No. 2, East Setauket, New York 11733. Our telephone number is (631) 942-7959.

Summary Historical Financial Information

The financial statements presented reflect the condensed and consolidated financial results of our company and our subsidiary, Lixte Biotechnology, Inc. Our equity survives the reorganization. All costs associated with the reverse merger were expensed as incurred. Information with respect to shares is based on a stock dividend of 11% to stockholders of record on May 18, 2006.

You should read the following selected financial data presented below together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included in this prospectus.

LIXTE BIOTECHNOLOGY HOLDINGS, INC. AND SUBSIDIARY
(a development stage company)

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2005	September 30, 2006
		(Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,946	$ 723,737
Advances on research and development contract services, net	—	100,000
Prepaid insurance	—	27,552
Total current assets	4,946	851,289
Office equipment, net of accumulated depreciation of $113 at December 31, 2005 and $457 at September 30, 2006	1,026	920
Total assets	$ 5,972	$ 852,209
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities:		
Accounts payable and accrued expenses	$ 14,650	$ 17,229
Due to stockholder	5,946	92,717
Total current liabilities	20,596	109,946
Commitments and contingencies		
Stockholders' equity (deficiency):		
Preferred stock, $0.0001 par value; authorized - 10,000,000 shares; issued - none	—	—
Common stock, $0.0001 par value; authorized - 100,000,000 shares; issued and outstanding - 19,021,786 shares at December 31, 2005 and 26,582,183 shares at September 30, 2006	1,902	2,658
Additional paid-in capital	(402)	1,100,689
Deficit accumulated during the development stage	(16,124)	(361,084)
Total stockholders' equity (deficiency)	(14,624)	742,263
Total liabilities and stockholders' equity (deficiency)	$ 5,972	$ 852,209

LIXTE BIOTECHNOLOGY HOLDINGS, INC. AND SUBSIDIARY
(a development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2006	Period from August 9, 2005 (Inception) to September 30, 2005	Period from August 9, 2005 (Inception) to September 30, 2006 (Cumulative)
Revenues	$ —	$ —	$ —	$ —
Costs and expenses:				
General and administrative (including stock-based compensation to director of $8,917 and $88,483 during the three months and nine months ended September 30, 2006, respectively)	65,251	201,104	333	217,115
Depreciation	115	344	—	457
Research and development costs	50,100	100,100	—	100,100
Reverse merger costs	—	50,000	—	50,000
Interest income	(6,588)	(6,588)	—	(6,588)
Total costs and expenses	108,878	344,960	333	361,084
Net loss	$ (108,878)	$ (344,960)	$ (333)	$ (361,084)
Net loss per common share - basic and diluted	$ (0.00)	$ (0.02)	$ (0.00)	
Weighted average number of common shares outstanding - basic and diluted	26,152,469	21,458,613	19,021,786	

RISK FACTORS

Please consider the following risk factors together with the other information presented in this prospectus, including the financial statements and the notes thereto, before investing in our common stock. The trading price of common stock could decline due to any of the following risks, and you might lose all or part of your investment.

Any investment in our common stock involves a high degree of risk. The following risk factors relating to us should be carefully considered.

RISKS RELATED TO BUSINESS

We are engaged in early stage research and as such may not be successful in our efforts to develop a portfolio of commercially viable products.

A key element of our strategy is to discover, develop and commercialize a portfolio of new drugs and diagnostic tests. We are seeking to do so through our internal research programs. A significant portion of the research that we are conducting involves new and unproven technologies. Research programs to identify new disease targets and product candidates require substantial technical, financial and human resources whether or not any candidates or technologies are ultimately identified. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for any of the following reasons:

- the research methodology used may not be successful in identifying potential product candidates;
- product candidates for diagnostic tests may on further study be shown to not obtain an acceptable level of accuracy; or
- product candidates for drugs may on further study be shown to have harmful side effects or other characteristics that indicate they are unlikely to be effective drugs.

Although we have identified one potential product candidate in the area of brain tumors, the work needed to demonstrate its commercial viability is at a very early stage. The follow-up research needed to demonstrate the viability of the product is costly and time-consuming and may reveal that the product does not function as expected or that it is otherwise not commercially viable.

If we are unable to discover suitable potential product candidates, develop additional delivery technologies through internal research programs or in-license suitable products or delivery technologies on acceptable business terms, our business prospects will suffer.

We do not expect to obtain any revenues for several years and there is no assurance that we will ever generate revenue or be profitable. If we do not generate revenues and achieve profitability, we will be forced to cease or substantially curtail our operations and you may lose your entire investment.

Because we are currently engaged in research at a very early stage, significant time may be required to develop any product or intellectual property capable of generating revenues. As such, our business is unlikely to generate any revenue in the next several years and may never do so. Even if we are able to generate revenues in the future through licensing our technologies or through product sales, there is no assurance that our revenues will exceed our expenses. Should we fail to achieve profitability, you may lose your entire investment.

We will need to raise additional funds in the future and these funds may not be available on acceptable terms or at all.

The fund we raised in the private placement will not be sufficient to fully develop and commercialize any products that may arise from our research. We will also need to raise additional funds in order to satisfy our future liquidity requirements. Most immediately, in addition to the $1.118 million from the Private Placement, we expect to require up to $2.3 million in the near term to enable us to obtain a wet lab to further advance our research projects. Additionally, the amount and timing of future cash requirements will depend on market acceptance of our products, if any, and the resources we devote to developing and supporting our products. We will need to fund these cash requirements from either one or a combination of additional financings, mergers or acquisitions, or via the sale or license of certain of our assets.

Current market conditions present uncertainty as to our ability to secure additional funds, as well as our ability to reach profitability. There can be no assurances that we will be able to secure additional financing, or obtain favorable terms on such financing if it is available, or as to our ability to achieve positive cash flow from operations. Continued negative cash flows and lack of liquidity create significant uncertainty about our ability to fully implement our operating plan and we may have to reduce the scope of our planned operations. If cash and cash equivalents are insufficient to satisfy our liquidity requirements, we would be required to scale back or discontinue our product development program, or obtain funds if available through strategic alliances that may require us to relinquish rights to certain of our technologies or discontinue our operations.

Our auditors have included a going concern assumption in their opinion.

Our auditors opinion regarding our financial statements include concerns about our ability to continue as a going concern in view of the fact that we are in the development stage and have not commenced operations. All activity through December 31, 2006 related to our formation, capital raising efforts and initial research and development activities. As such, we have yet to generate any cash flows from operations, and are essentially dependent on debt and equity funding from both related and unrelated parties to finance our operations. Prior to June 30 2006, cash requirements were funded by advances from Lixte's founder. On June 30, 2006, we completed an initial closing of a private placement, selling 1,973,869 shares of common stock at a price of $0.333 per share and receiving net proceeds of $522,939. On July 27, 2006, we completed a second closing of a private placement, selling 1,581,351 shares of common stock at a price of $0.333 per share and receiving net proceeds of $427,925.

Because we are currently engaged in research at a very early stage, it will likely take a significant amount of time to develop any product or intellectual property capable of generating revenues. As such, our business is unlikely to generate any revenue in the next several years and may never do so. Even if we are able to generate revenues in the future through licensing our technologies or through product sales, there can be no assurance that such revenues will exceed our expenses.

Based on the proceeds received from the private placement, we may not have sufficient resources to completely fund our planned operations for the next twelve months. We do not have sufficient resources to fully develop and commercialize any products that may arise from our research. Accordingly, we will need to raise additional funds in order to satisfy our future working capital requirements. In the short-term, in addition to the net proceeds from the private placement, we estimate that it will approximately require additional funding of approximately $2,300,000. Additionally, the amount and timing of future cash requirements will depend on market acceptance of our products, if any, and the resources that we devote to developing and supporting our products. We will need to fund these cash requirements from either one or a combination of additional financings, mergers or acquisitions, or via the sale or license of certain of our assets.

Current market conditions present uncertainty as to our ability to secure additional funds, as well as our ability to reach profitability. There can be no assurances that we will be able to secure additional financing, or obtain favorable terms on such financing if it is available, or as to our ability to reach profitability. There can be no assurances that we will be able to secure additional financing, or obtain favorable terms on such financing if it is available, or as to our ability to achieve positive cash flow from operations. Continued negative cash flows and lack of liquidity create significant uncertainty about our ability to fully implement our operating plan and we may have to reduce the scope of our planned operations. If cash and cash equivalents are insufficient to satisfy our liquidity requirements, we would be required to scale back or discontinue our product development program, or obtain funds if available through strategic alliances that may require us to relinquish rights to certain of our technologies or discontinue our operations.

If we are unable to secure licenses to technologies or materials vital to our business, or if the rights to technologies that we have licensed terminate, our commercialization efforts could be delayed or fail.

In February 2006, a provisional patent application was filed covering certain methods and classes of molecules that we expect to be the foundation of our product development and commercialization efforts with respect to human brain tumors that are subject to the CRADA. Any patents resulting from that application are likely to be jointly owned by us and the U.S. Government. We are currently in negotiations with the government to obtain exclusive commercialization rights with respect to those patents and expect to execute an agreement shortly, the terms of which are presently unknown. However, should we be unable to reach such an agreement, or should we be unable to reach such an agreement in the future pertaining to other technologies owned by the government or third parties, this could harm our businesses. Additionally, if those licenses terminate and we are unable to renew them, or must renew them only on unfavorable terms, such events could require us to cease providing products or services using such licensed technology and, therefore, would likely result in loss of revenue for our business.

If we were to materially breach our present collaboration agreement or any future license or collaboration agreements, we could lose our ability to commercialize the related technologies, and our business could be materially and adversely affected.

We are party to a research collaboration agreement and intend to enter into intellectual property licenses and agreements, all of which will be integral to our business. These licenses and agreements impose various research, development, commercialization, sublicensing, royalty, indemnification, insurance and other

obligations on us. If we or our collaborators fail to perform under these agreements or otherwise breach obligations imposed by them, we could lose intellectual property rights that are important to our business.

We may not be successful in establishing additional strategic collaborations, which could adversely affect our ability to develop and commercialize products.

In the future, we may seek opportunities to establish new collaborations, joint ventures and strategic collaborations for the development and commercialization of products we discover. We face significant competition in seeking appropriate collaborators and the negotiation process is time-consuming and complex. We may not be successful in our efforts to establish additional strategic collaborations or other alternative arrangements. Even if we are successful in our efforts to establish a collaboration or agreement, the terms that we establish may not be favorable to us. Finally, such strategic alliances or other arrangements may not result in successful products and associated revenue.

The life sciences industry is highly competitive and subject to rapid technological change.

The life sciences industry is highly competitive and subject to rapid and profound technological change. Our present and potential competitors include major pharmaceutical companies, as well as specialized biotechnology and life sciences firms in the United States and in other countries. Most of these companies have considerably greater financial, technical and marketing resources than we do. Additional mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated in our competitors. Our existing or prospective competitors may develop processes or products that are more effective than ours or be more effective at implementing their technologies to develop commercial products faster. Our competitors may succeed in obtaining patent protection and/or receiving regulatory approval for commercializing products before us. Developments by our competitors may render our product candidates obsolete or non-competitive.

We also experience competition from universities and other research institutions, and we are likely to compete with others in acquiring technology from those sources. There can be no assurance that others will not develop technologies with significant advantages over those that we are seeking to develop. Any such development could harm our business.

We may be unable to compete successfully with our competitors.

We face competition from other companies seeking to identify and commercialize cancer biomarkers. We also compete with universities and other research institutions engaged in research in these areas. Many of our competitors have greater technical and financial resources than we do.

Our ability to compete successfully is based on numerous factors, including:

- the cost-effectiveness of any product we ultimately commercialize relative to competing products;
- the ease of use and ready availability of any product we bring to market;
- the accuracy of a diagnostic test designed by us in detecting cancers, including overcoming the propensity for “false positive” results; and
- the relative speed with which we are able to bring any product resulting from our research to market in our target markets.

If we are unable to distinguish our products from competing products, or if competing products reach the market first, we may be unable to compete successfully with current or future competitors. This would cause our revenues to decline and affect our ability to achieve profitability.

We depend on certain key scientific personnel for our success who do not work full time for us. The loss of any such personnel could adversely affect our business, financial condition and results of operations.

Our success depends on the continued availability and contributions of our Chief Executive Officer and founder, Dr. John S. Kovach, as well as the continued availability and contributions of Dr. Zhengping Zhuang and other collaborators at the NIH. In particular, Dr. Kovach is 70 years old, and, because of his arrangement with the State University of New York, does not devote his full time to us although Dr. Kovach generally devotes a minimum of twenty hours a week to our business. The loss of services of any of these persons could delay or reduce our product development and commercialization efforts. Furthermore, recruiting and retaining qualified scientific personnel to perform future research and development work will be critical to our success. The loss of members of our scientific personnel, or our inability to attract or retain other qualified personnel or advisors, could significant weaken our management, harm our ability to compete effectively and harm our business.\

Our key personnel are involved in other business activities and may face a conflict in selecting between their other business interests and our business.

Dr. John Kovach, our Chief Executive Officer, also is Chair of the Department of Preventive Medicine at Stony Brook University. Dr. Zhengping Zhuang, a consultant to us, is employed at the NIH. They may also become involved in the future with other business opportunities, which may become available. Accordingly, our key personnel may face a conflict in selecting between us and their other business interests. We have not formulated a policy for the resolution of such conflicts.

We expect to rely heavily on third parties for the conduct of clinical trials of our product candidates. If these clinical trials are not successful, or if we or our collaborators are not able to obtain the necessary regulatory approvals, we will not be able to commercialize our product candidates.

In order to obtain regulatory approval for the commercial sale of our product candidates, we and our collaborators will be required to complete extensive preclinical studies as well as clinical trials in humans to demonstrate to the FDA and foreign regulatory authorities that our product candidates are safe and effective.

Dr. Kovach is experienced in the design and conduct of early clinical cancer trials, having been the lead investigator for a National Cancer Institute Phase I contract for ten years at the Mayo Clinic, Rochester, MN. Lixte, however, has no experience in conducting clinical trials and expects to rely heavily on collaborative partners and contract research organizations for their performance and management of clinical trials of our product candidates.

Clinical development, including preclinical testing, is a long, expensive and uncertain process. Prior to conducting preclinical studies and clinical trials in humans, we anticipate that the following steps will be taken: Identification of lead compounds *in vitro* studies, followed by documentation of activity in an animal model of a particular disease entity, and determination of toxicity of the new therapy(s) in an animal system usually consisting of the mouse and often the dog. For new diagnostic tests, pre-clinical studies involve demonstration of recognition of specific endpoints associated with the presence or progression of disease in a manner that suggest relevance to clinical diagnosis and/or assessment of prognosis. It is expected that for us to carry its new treatments to clinical trials-an agreement will be negotiated with (1) NIH to conduct the trial as part of a new CRADA or (2) a pharmaceutical company, most probably in conjunction with NIH as co-inventor of the new therapies.Accordingly, preclinical testing and clinical trials, if any, of our product candidates under development may not be successful. We and our collaborators could experience delays in preclinical or clinical trials of any of our product candidates, obtain unfavorable results in a development program, or fail to obtain regulatory approval for the commercialization of a product. Preclinical studies or clinical trials may produce negative, inconsistent or inconclusive results, and we or our collaborators may decide, or regulators may require us, to conduct additional preclinical studies or clinical trials. The results from early clinical trials may not be statistically significant or predictive of results that will be obtained from expanded, advanced clinical trials.

Furthermore, the timing and completion of clinical trials, if any, of our product candidates depend on, among other factors, the number of patients we will be required to enroll in the clinical trials and the rate at which those patients are enrolled. Any increase in the required number of patients, decrease in recruitment rates or difficulties retaining study participants may result in increased costs, program delays or both.

Also, our products under development may not be effective in treating any of our targeted disorders or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may prevent or limit their commercial use. Institutional review boards or regulators, including the FDA, may hold, suspend or terminate our clinical research or the clinical trials of our product candidates for various reasons, including non-compliance with regulatory requirements or if, in their opinion, the participating subjects are being exposed to unacceptable health risks. Additionally, the failure of third parties conducting or overseeing the operation of the clinical trials to perform their contractual or regulatory obligations in a timely fashion could delay the clinical trials. Failure of clinical trials can occur at any stage of testing. Any of these events would adversely affect our ability to market a product candidate.

The development process necessary to obtain regulatory approval is lengthy, complex and expensive. If we and our collaborative partners do not obtain necessary regulatory approvals, then our business will be unsuccessful and the market price of our common stock will substantially decline.

To the extent that we, or our collaborative partners, are able to successfully advance a product candidate through the clinic, we, or such partner, will be required to obtain regulatory approval prior to marketing and selling such product.

The process of obtaining FDA and other required regulatory approvals is expensive. The time required for FDA and other approvals is uncertain and typically takes a number of years, depending on the complexity and novelty of the product.

Any regulatory approval to market a product may be subject to limitations on the indicated uses for which we, or our collaborative partners, may market the product. These limitations may restrict the size of the market for the product and affect reimbursement by third-party payors. In addition, regulatory agencies may not grant approvals on a timely basis or may revoke or significantly modify previously granted approvals.

We, or our collaborative partners, also are subject to numerous foreign regulatory requirements governing the manufacturing and marketing of our potential future products outside of the United States. The approval procedure varies among countries, additional testing may be required in some jurisdictions, and the time required to obtain foreign approvals often differs from that required to obtain FDA approvals. Moreover, approval by the FDA does not ensure approval by regulatory authorities in other countries, and vice versa.

As a result of these factors, we or our collaborators may not successfully begin or complete clinical trials in the time periods estimated, if at all. Moreover, if we or our collaborators incur costs and delays in development programs or fail to successfully develop and commercialize products based upon our technologies, we may not become profitable and our stock price could decline.

Even if our products are approved by regulatory authorities, if we fail to comply with ongoing regulatory requirements, or if we experience unanticipated problems with our products, these products could be subject to restrictions or withdrawal from the market.

Any product for which we obtain marketing approval, along with the manufacturing processes, post-approval clinical data and promotional activities for such product, will be subject to continual review and periodic inspections by the FDA and other regulatory bodies. Even if regulatory approval of a product is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. Later discovery of previously unknown problems with our products, including unanticipated adverse events or adverse events of unanticipated severity or frequency, manufacturer or manufacturing processes, or failure to comply with regulatory requirements, may result in restrictions on such products or manufacturing processes, withdrawal of the products from the market, voluntary or mandatory recall, fines, suspension of regulatory approvals, product seizures, injunctions or the imposition of civil or criminal penalties.

Failure to obtain regulatory approval in foreign jurisdictions will prevent us from marketing our products abroad.

We intend to market our products in international markets. In order to market our products in the European Union and many other foreign jurisdictions, we must obtain separate regulatory approvals. The approval procedure varies among countries and can involve additional testing, and the time required to obtain approval may differ from that required to obtain FDA approval. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval. We may not obtain foreign regulatory approvals on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA. We may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our products in any market.

We are subject to uncertainty relating to health care reform measures and reimbursement policies which, if not favorable to our product candidates, could hinder or prevent our product candidates' commercial success.

The continuing efforts of the government, insurance companies, managed care organizations and other payors of health care costs to contain or reduce costs of health care may adversely affect:

- our ability to generate revenues and achieve profitability;
- the future revenues and profitability of our potential customers, suppliers and collaborators; and
- the availability of capital.

In certain foreign markets, the pricing of prescription pharmaceuticals is subject to government control. In the United States, given recent federal and state government initiatives directed at lowering the total cost of health care, the U.S. Congress and state legislatures will likely continue to focus on health care reform, the cost of prescription pharmaceuticals and on the reform of the Medicare and Medicaid systems. For example, legislation was enacted on December 8, 2003, which provides a new Medicare prescription drug benefit beginning in 2006 and mandates other reforms. While we cannot predict the full effects of the implementation of this new legislation or whether any legislative or regulatory proposals affecting our business will be adopted, the implementation of this legislation or announcement or adoption of these proposals could have a material and adverse effect on our business, financial condition and results of operations.

Our ability to commercialize our product candidates successfully will depend in part on the extent to which governmental authorities, private health insurers and other organizations establish appropriate reimbursement levels for the cost of our products and related treatments. Third-party payors are increasingly challenging the prices charged for medical products and services. Also, the trend toward managed health care in the United States, which could significantly influence the purchase of health care services and products, as well as legislative proposals to reform health care or reduce government insurance programs, may result in lower prices for our product candidates or exclusion of our product candidates from reimbursement programs. The cost containment measures that health care payors and providers are instituting and the effect of any health care reform could materially and adversely affect our results of operations.

If physicians and patients do not accept the products that we may develop, our ability to generate product revenue in the future will be adversely affected.

The product candidates that we may develop may not gain market acceptance among physicians, healthcare payors, patients and the medical community. This will adversely affect our ability to generate revenue. Market acceptance of and demand for any product that we may develop will depend on many factors, including:

- our ability to provide acceptable evidence of safety and efficacy;
- convenience and ease of administration;
- prevalence and severity of adverse side effects;
- availability of alternative treatments or diagnostic tests;
- cost effectiveness;
- effectiveness of our marketing strategy and the pricing of any product that we may develop;
- publicity concerning our products or competitive products; and
- our ability to obtain third-party coverage or reimbursement.

We face the risk of product liability claims and may not be able to obtain insurance.

Our business exposes us to the risk of product liability claims that is inherent in the testing, manufacturing, and marketing of drugs and related devices. Although we will obtain product liability and clinical trial liability insurance when appropriate, this insurance is subject to deductibles and coverage limitations. We may not be able to obtain or maintain adequate protection against potential liabilities. In addition, if any of our product candidates are approved for marketing, we may seek additional insurance coverage. If we are unable to obtain insurance at acceptable cost or on acceptable terms with adequate coverage or otherwise protect against potential product liability claims, we will be exposed to significant liabilities, which may harm our business. These liabilities could prevent or interfere with our product commercialization efforts. Defending a suit, regardless of merit, could be costly, could divert management attention and might result in adverse publicity or reduced acceptance of our products in the market.

We cannot be certain we will be able to obtain patent protection to protect our product candidates and technology.

We cannot be certain that any patent or patents will be issued based on the pending provisional patent application we recently filed. If a third party has also filed a patent application relating to an invention claimed by us or our licensors, we may be required to participate in an interference proceeding declared by the U.S. Patent and Trademark Office to determine priority of invention, which could result in substantial uncertainties and cost for us, even if the eventual outcome is favorable to us. The degree of future protection for our proprietary rights is uncertain. For example:

- we or our licensors might not have been the first to make the inventions covered by our pending or future patent applications;
- we or our licensors might not have been the first to file patent applications for these inventions;

- others may independently develop similar or alternative technologies or duplicate any of our technologies;

- it is possible that our patent applications will not result in an issued patent or patents, or that the scope of protection granted by any patents arising from our patent applications will be significantly narrower than expected;

- any patents under which we hold ultimate rights may not provide us with a basis for commercially-viable products, may not provide us with any competitive advantages or may be challenged by third parties as not infringed, invalid, or unenforceable under United States or foreign laws;

- any patent issued to us in the future or under which we hold rights may not be valid or enforceable; or

- we may develop additional proprietary technologies that are not patentable and which may not be adequately protected through trade secrets; for example if a competitor independently develops duplicative, similar, or alternative technologies.

If we are not able to protect and control our unpatented trade secrets, know-how and other technological innovation, we may suffer competitive harm.

We also rely on proprietary trade secrets and unpatented know-how to protect our research and development activities, particularly when we do not believe that patent protection is appropriate or available. However, trade secrets are difficult to protect. We will attempt to protect our trade secrets and unpatented know-how by requiring our employees, consultants and advisors to execute a confidentiality and non-use agreement. We cannot guarantee that these agreements will provide meaningful protection, that these agreements will not be breached, that we will have an adequate remedy for any such breach, or that our trade secrets will not otherwise become known or independently developed by a third party. Our trade secrets, and those of our present or future collaborators that we utilize by agreement, may become known or may be independently discovered by others, which could adversely affect the competitive position of our product candidates.

We may incur substantial costs enforcing our patents, defending against third-party patents, invalidating third-party patents or licensing third-party intellectual property, as a result of litigation or other proceedings relating to patent and other intellectual property rights.

We may not have rights under some patents or patent applications that may cover technologies that we use in our research, drug targets that we select, or product candidates that we seek to develop and commercialize. Third parties may own or control these patents and patent applications in the United States and abroad. These third parties could bring claims against us or our collaborators that would cause us to incur substantial expenses and, if successful against us, could cause us to pay substantial damages. Further, if a patent infringement suit were brought against us or our collaborators, we or they could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit. We or our collaborators therefore may choose to seek, or be required to seek, a license from the third-party and would most likely be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if we or our collaborators were able to obtain a license, the rights may be nonexclusive, which would give our competitors access to the same intellectual property. Ultimately, we could be prevented from commercializing a product, or forced to cease some aspect of our business operations, as a result of patent infringement claims, which could harm our business.

There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the pharmaceutical and biotechnology industries. Although we are not currently a party to

any patent litigation or any other adversarial proceeding, including any interference proceeding declared before the United States Patent and Trademark Office, regarding intellectual property rights with respect to our products and technology, we may become so in the future. We are not currently aware of any actual or potential third party infringement claim involving our products. The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. The outcome of patent litigation is subject to uncertainties that cannot be adequately quantified in advance, including the demeanor and credibility of witnesses and the identity of the adverse party, especially in biotechnology related patent cases that may turn on the testimony of experts as to technical facts upon which experts may reasonably disagree. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. If a patent or other proceeding is resolved against us, we may be enjoined from researching, developing, manufacturing or commercializing our products without a license from the other party and we may be held liable for significant damages. We may not be able to obtain any required license on commercially acceptable terms or at all.

Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could harm our ability to compete in the marketplace. Patent litigation and other proceedings may also absorb significant management time.

If our products were derived from tissue or other samples from a patient without the patient's consent, we could be forced to pay royalties or cease selling our products.

An essential component of our business is our ability to obtain well-characterized tissue and other samples from patients. To that end, on January 5, 2007, we entered into an agreement with the Institute of Pathology at the University of Regensburg in Germany to collect samples of colon, kidney, bladder, stomach, breast, prostate, and ovarian cancers for biomarker discovery programs focused on these cancers. Although we believe that all necessary consents will be obtained from any patient who donates samples for our research purposes, there is a risk that, without our knowledge and through inadvertence or neglect, proper consents will not be obtained from all patients. The responsibility for obtaining the consents is vested in the physicians at the University. If a patient does not give a proper consent and we develop a product using a sample obtained from him or her, we could be forced to pay royalties or to cease selling that product.

If we are unable to protect our intellectual property rights, our competitors may develop and market products with similar features that may reduce demand for our potential products.

The following factors are important to our success:

- receiving patent protection for our product candidates;
- preventing others from infringing our intellectual property rights; and
- maintaining our patent rights and trade secrets.

We will be able to protect our intellectual property rights in patents and trade secrets from unauthorized use by third parties only to the extent that such intellectual property rights are covered by valid and enforceable patents or are effectively maintained as trade secrets.

To date, we have sought to protect our proprietary position by filing a U.S. provisional patent application related to inventions that form the basis of our research arrangements with the NIH and potential pipeline of future products. We anticipate that we will apply for further patents based on our ongoing research. Because issues of patentability involve complex legal and factual questions, the issuance, scope and enforceability of patents cannot be predicted with certainty. Patents, if issued, may be challenged, invalidated or circumvented. U.S. patents and patent applications may also be subject to interference proceedings, and U.S. patents may be subject to reexamination proceedings in the U.S. Patent and Trademark Office and

foreign patents may be subject to opposition or comparable proceedings in corresponding foreign patent offices, which proceedings could result in either loss of the patent or denial of the patent application or loss or reduction in the scope of one or more of the claims of the patent or patent application. In addition, such interference, reexamination and opposition proceedings may be costly. Thus, any patents that we own or license from others may not provide any protection against competitors. Furthermore, an adverse decision in an interference proceeding can result in a third-party receiving the patent rights sought by us, which in turn could affect our ability to market a potential product to which that patent filing was directed. Our pending patent applications, those that we may file in the future, or those that we may license from third parties may not result in patents being issued. If issued, they may not provide us with proprietary protection or competitive advantages against competitors with similar technology. Furthermore, others may independently develop similar technologies or duplicate any technology that we have developed. Many countries, including certain countries in Europe, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. For example, compulsory licenses may be required in cases where the patent owner has failed to "work" the invention in that country, or the third-party has patented improvements. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of the patent. Moreover, the legal systems of certain countries, particularly certain developing countries, do not favor the aggressive enforcement of patent and other intellectual property protection, which makes it difficult to stop infringement.

In addition, our ability to enforce our patent rights depends on our ability to detect infringement. It is difficult to detect infringers who do not advertise the compounds that are used in their products. Any litigation to enforce or defend our patent rights, even if we prevail, could be costly and time-consuming and would divert the attention of management and key personnel from business operations.

We will also rely on trade secrets, know-how and technology, which are not protected by patents, to maintain our competitive position. We will seek to protect this information by entering into confidentiality agreements with parties that have access to it, such as strategic partners, collaborators, employees and consultants. Any of these parties may breach these agreements and disclose our confidential information or our competitors might learn of the information in some other way. If any trade secret, know-how or other technology not protected by a patent were disclosed to, or independently developed by, a competitor, our business, financial condition and results of operations could be materially adversely affected.

If our third-party manufacturers' facilities do not follow current good manufacturing practices, our product development and commercialization efforts may be harmed.

There are a limited number of manufacturers that operate under the FDA's and European Union's good manufacturing practices regulations and are capable of manufacturing products. Third-party manufacturers may encounter difficulties in achieving quality control and quality assurance and may experience shortages of qualified personnel. A failure of third-party manufacturers to follow current good manufacturing practices or other regulatory requirements and to document their adherence to such practices may lead to significant delays in the availability of products for commercial use or clinical study, the termination of, or hold on, a clinical study, or may delay or prevent filing or approval of marketing applications for our products. In addition we could be subject to sanctions being imposed on us, including fines, injunctions and civil penalties. Changing manufacturers may require additional clinical trials and the revalidation of the manufacturing process and procedures in accordance with FDA mandated current good manufacturing practices and will require FDA approval. This revalidation may be costly and time consuming. If we are unable to arrange for third-party manufacturing of our products, or to do so on commercially reasonable terms, we may not be able to complete development or marketing of our products.

If we fail to obtain an adequate level of reimbursement for our products by third-party payors, there may be no commercially viable markets for our products or the markets may be much smaller than expected.

The availability and levels of reimbursement by governmental and other third-party payors affect the market for our products. The efficacy, safety and cost-effectiveness of our products as well as the efficacy, safety and cost-effectiveness of any competing products will determine the availability and level of reimbursement. These third-party payors continually attempt to contain or reduce the costs of healthcare by challenging the prices charged for healthcare products and services. In certain countries, particularly the countries of the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take six to twelve months or longer after the receipt of regulatory marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct clinical trials that compare the cost-effectiveness of our products to other available therapies. If reimbursement for our products is unavailable, limited in scope or amount or if pricing is set at unsatisfactory levels, our revenues would be reduced.

Another development that may affect the pricing of drugs is regulatory action regarding drug reimportation into the United States. The Medicare Prescription Drug, Improvement and Modernization Act of 2003, which became law in December 2003, requires the Secretary of the U.S. Department of Health and Human Services to promulgate regulations allowing drug reimportation from Canada into the United States under certain circumstances. These provisions will become effective only if the Secretary certifies that such imports will pose no additional risk to the public's health and safety and result in significant cost savings to consumers. To date, the Secretary has made no such finding, but he could do so in the future. Proponents of drug reimportation may also attempt to pass legislation that would remove the requirement for the Secretary's certification or allow reimportation under circumstances beyond those anticipated under current law. If legislation is enacted, or regulations issued, allowing the reimportation of drugs, it could decrease the reimbursement we would receive for any products that we may commercialize, negatively affecting our anticipated revenues and prospects for profitability.

RISKS RELATED TO CAPITAL STRUCTURE

There is no assurance of an established public trading market, which would adversely affect the ability of our investors to sell their securities in the public market.

Although our common stock is registered under the Exchange Act, our common stock is not and has never been publicly traded. As such, a regular trading market for the securities does not yet exist and may not exist or be sustained in the future. We intend to seek a listing on the OTC Bulletin Board. No assurance can be given that such listing will be obtained or the timing of the listing. Even if such listing is obtained, the NASD has enacted recent changes that limit quotations on the OTC Bulletin Board to securities of issuers that are current in their reports filed with the Securities and Exchange Commission. The effect on the OTC Bulletin Board of these rule changes and other proposed changes cannot be determined at this time. The OTC Bulletin Board is an inter-dealer, over-the-counter market that provides significantly less liquidity than the NASD's automated quotation system (the "NASDAQ Stock Market"). Quotes for stocks included on the OTC Bulletin Board are not listed in the financial sections of newspapers as are those for the NASDAQ Stock Market. Therefore, prices for securities traded solely on the OTC Bulletin Board may be difficult to obtain and holders of common stock may be unable to resell their securities at or near their original offering price or at any price. Market prices for our common stock will be influenced by a number of factors, including:

- the issuance of new equity securities pursuant to a future offering or acquisition;
- changes in interest rates;

- competitive developments, including announcements by competitors of new products or services or significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- variations in quarterly operating results;
- changes in financial estimates by securities analysts;
- the depth and liquidity of the market for our common stock;
- investor perceptions of our company and the medical device industry generally; and
- general economic and other national conditions.

Shares eligible for future sale may adversely affect the market price of our common stock, as the future sale of a substantial amount of outstanding stock in the public marketplace could reduce the price of our common stock.

The former stockholder of Lixte who received shares of our stock in the Reverse Merger will be eligible to sell all or some of his shares of common stock by means of ordinary brokerage transactions in the open market pursuant to Rule 144 promulgated under the Securities Act ("Rule 144"), commencing one year after the Reverse Merger, subject to certain limitations. In general, pursuant to Rule 144, a stockholder (or stockholders whose shares are aggregated) who has satisfied a one-year holding period may, under certain circumstances, sell within any three-month period a number of securities which does not exceed the greater of 1% of the then outstanding shares of common stock or the average weekly trading volume of the class during the four calendar weeks prior to such sale if the shares are listed on a national exchange or on NASDAQ. Rule 144 also permits, under certain circumstances, the sale of securities, without any limitations, by a non-affiliate that has satisfied a two-year holding period. Additionally, this prospectus covers the resale of shares issued in the private placement and the shares owed by certain of our stockholders immediately prior to the Reverse Merger. Any substantial sale of common stock pursuant to this prospectus or Rule 144 may have an adverse effect on the market price of our common stock by creating an excessive supply.

Our common stock is considered a "penny stock" and may be difficult to sell.

Our common stock is considered to be a "penny stock" since it meets one or more of the definitions in Rules 15g-2 through 15g-6 promulgated under Section 15(g) of the Exchange Act. These include but are not limited to the following: (i) the stock trades at a price less than $5.00 per share; (ii) it is NOT traded on a "recognized" national exchange; (iii) it is NOT quoted on the NASDAQ Stock Market, or even if so, has a price less than $5.00 per share; or (iv) it is issued by a company with net tangible assets less than $2.0 million, if in business more than a continuous three years, or with average revenues of less than $6.0 million for the past three years. The principal result or effect of being designated a "penny stock" is that securities broker-dealers cannot recommend the stock but must trade in it on an unsolicited basis.

Additionally, Section 15(g) of the Exchange Act and Rule 15g-2 promulgated thereunder by the SEC require broker-dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before effecting any transaction in a penny stock for the investor's account.

Potential investors in our common stock are urged to obtain and read such disclosure carefully before purchasing any shares that are deemed to be "penny stock." Moreover, Rule 15g-9 requires broker-dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any penny stock to that investor. This procedure requires the broker-dealer to (i) obtain from the investor information concerning his or her financial situation, investment experience and investment objectives; (ii) reasonably

determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions; (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and (iv) receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives. Compliance with these requirements may make it more difficult for holders of our common stock to resell their shares to third parties or to otherwise dispose of them in the market or otherwise.

Our principal stockholder has significant influence over our company.

As a result of the Reverse Merger, Dr. John Kovach, our principal stockholder, beneficially owns approximately 64% of our outstanding voting stock after giving effect to the private placement. As a result, Dr. Kovach possesses significant influence, giving him the ability, among other things, to elect all of the members of the Board of Directors and to approve significant corporate transactions. Such stock ownership and control may also have the effect of delaying or preventing a future change in control, impeding a merger, consolidation, takeover or other business combination or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

Standards for compliance with Section 404 of the Sarbanes-Oxley Act of 2002 are uncertain, and if we fail to comply in a timely manner, our business could be harmed and our stock price could decline.

Rules adopted by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 require annual assessment of our internal control over financial reporting, and attestation of our assessment by our independent registered public accountants. On September 22, 2005, the SEC extended the compliance dates for non-accelerated filers, as defined by the SEC, by one year. Accordingly, we believe that this requirement will first apply to our annual report for fiscal 2007. The SEC has recently proposed new rules on compliance with Section 404. In any event, the standards that must be met for management to assess the internal control over financial reporting as effective are new and complex, and require significant documentation, testing and possible remediation to meet the detailed standards. We may encounter problems or delays in completing activities necessary to make an assessment of our internal control over financial reporting. In addition, the attestation process by our independent registered public accountants is new and we may encounter problems or delays in completing the implementation of any requested improvements and receiving an attestation of our assessment by our independent registered public accountants. If we cannot assess our internal control over financial reporting as effective, or our independent registered public accountants are unable to provide an unqualified attestation report on such assessment, investor confidence and share value may be negatively impacted.

We do not foresee paying cash dividends in the foreseeable future.

We have not paid cash dividends on our stock and do not plan to pay cash dividends on our common stock in the foreseeable future.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. For example, statements regarding our financial position, business strategy and other plans and objectives for future operations, and assumptions and predictions about future product demand, supply, manufacturing, costs, marketing and pricing factors are all forward-looking statements. These statements are generally accompanied by words such as “intend,” “anticipate,” “believe,” “estimate,” “potential(ly),” “continue,” “forecast,” “predict,” “plan,” “may,” “will,” “could,” “would,” “should,” “expect” or the negative of such terms or other comparable terminology. We believe that the assumptions and expectations reflected in such forward-looking statements are reasonable, based on information available to us on the date hereof, but we cannot assure you that these assumptions and expectations will prove to have been correct or that we will take any action that we may presently be planning. However, these forward-looking statements are inherently subject to known and unknown risks and uncertainties. Actual results or experience may differ materially from those expected or anticipated in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, regulatory policies, competition from other similar businesses, and market and general policies, competition from other similar businesses, and market and general economic factors. This discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto included in this prospectus.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we project. Any forward-looking statement you read in this prospectus reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy, and liquidity. All subsequent forward-looking statements attributable to us or individuals acting on our behalf are expressly qualified in their entirety by this paragraph. You should specifically consider the factors identified in this prospectus, which would cause actual results to differ before making an investment decision. We are under no duty to update any of these forward-looking statements after the date of this prospectus or to conform these statements to actual results.

GLOSSARY

The following technical terms are used in this Prospectus:

Assay

An assay is a method to determine the presence, absence, or the amount of a particular substance in a sample. Assays of body fluids such as blood and urine can be used to detect specific products (biomarkers) that indicate the presence of a specific type of cancer.

Biomarker

A biomarker is a component of a cell that is uniquely or strongly associated with a particular feature of that cell. The detection of the biomarker in body fluid by an assay indicates that a particular cell is very likely to be present in the body. In this memorandum, "**biomarkers**" refer primarily to proteins that are uniquely produced by specific types of cancer cells or that are produced in excess by the cancer cells compared to non—cancer cells of the same tissue or organ.

Cancer

A disease characterized by loss or enhancement of one or more mechanisms that regulate the growth of cells of a specific tissue. Loss of these control mechanisms or gain of abnormal mechanisms in a single cell that put cell growth into overdrive allows that cell to grow, invade local tissue, and to spread to other regions of the body. This spreading of altered cells to distant sites is the process called metastasis.

Cell Growth

Cell growth is the ability of an individual cell to reproduce by dividing into two cells. During normal development and subsequently during the life of the adult, this process is highly controlled. Loss of this control is the distinguishing feature of cancer cells. Although all cancer cells gain the capacity for uncontrolled growth, in most instances they retain many of the highly specialized features (and associated specific molecular components) that were characteristic of the normal tissue before loss of growth control. For example, breast cancer cells and brain cancer cells have lost control of growth and may be unrecognizable by their appearance under the microscope but identifiable by the presence of biomarkers specific to breast or brain cells.

CRADA

A CRADA (Cooperative Research and Development Agreement) is a formal contractual mechanism by which a variety of federal government agencies may agree to work collaboratively with a non-governmental entity to study and advance a particular idea, observation, or process under a defined plan of work.

Gene

A gene is a unit of information that specifies the structure of one or more gene products. Collectively, genes determine the precise composition of all molecules needed for maintenance of the functions of life: reproduction, development, organization, growth and metabolism. Genes are often referred to as units of heredity because they pass on the information necessary for all characteristics of an individual. For mammals like ourselves, one set of genes is received from each parent.

Gene Products

The products of genes are the thousands of different chemical structures, called molecules, needed for development of all cells. Most gene products are proteins. Most proteins are enzymes, molecules that can carry out work such as digesting and utilizing food for energy, signaling the cell to produce other gene products in response to changing conditions in the body, and controlling cell growth. When proteins controlling cell growth are altered, as occurs in all cancers, they become prime candidates for biomarkers that reveal the presence of cancer.

Glioblastoma Multiforme (GBM)

GBM is the most common and most aggressive type of primary human brain cancer. The name derives from the fact that the brain cell that loses growth control and becomes a brain cancer cell is a glial cell (glioblastoma); as the altered glial cells grow without restraint, they take on many different shapes (multiforme). Recent studies suggest, however, that GBMs may arise from primitive brain stem cells rather than from glial cells. GBM is the initial target of Lixte Biotechnology, Inc.

Metastasis

Metastasis is the process by which cancers acquire the ability to spread to other parts of the body by entry and dissemination through the blood and/or lymph systems. The devastating aspect of metastasis is the ability of the cancer cells to grow in a new environment (new tissue) Examples are the metastasis of breast cancer cells to the brain and liver and prostate cancer cells to bone.

Cure of cancers is much more difficult to achieve after metastasis has occurred. A major goal of our biomarker research is to develop assays for detection of cancers before they have invaded extensively or metastasized, allowing complete removal by surgery.

Mutation

A mutation is a change in one or more building blocks of a gene. Some changes can be tolerated without altering the integrity (function) of the product of the gene but other changes can result in cancer.

For the purposes of the cancer projects described in this memorandum, it is important to distinguish between inherited mutations (inborn mutations) and acquired (environmentally caused) mutations.

Some inborn mutations predispose an individual to development of one or more kinds of cancer. Because these mutations are inherited, they are present in every cell in the body. Such mutations are responsible for the higher frequency of certain cancers in particular families and ethnic groups. Examples are the breast cancer predisposing genes known as BRCA I and BRCA II.

Research on biomarkers, however, is directed at finding the gene products (proteins) of acquired mutations. Acquired mutations that change a single cell to a cancer cell are present ONLY in that cell and cells arising from its uncontrolled cell growth. If the products of the altered genes in these cancer cells are detectable in the body, they may reveal the presence of the cancer at a stage when it is curable by surgery.

Prognosis

Prognosis refers to the likely course of a disease at specific stage of development. For example, a breast or prostate cancer that is not confined to the tissue of origin, e.g. is also present in a lymph node when first detected, has a greater likelihood of recurrence, a worse prognosis, than if it were confined to the tissue of origin.

Thus, the presence of lymph node metastases is an indicator of poor prognosis.

It is hoped that specific biomarkers for cancers will be found that have prognostic value. With assays for such markers, patients with poor prognoses could consider more aggressive treatments before obvious spread of disease and patients with good prognoses could be spared unnecessary treatment.

Proteins

Proteins are molecules that have many functions important to the nature and behavior of the cell. Many proteins are enzymes that regulate and integrate a myriad of biochemical processes essential to life.

Certain enzymes are critical to an integrated system of cellular signaling that regulates cell behavior in response to a constantly changing environment and maintains the specialized nature of different types of cells. It is likely that some biomarkers of cancers have perverted signaling functions that perpetuate the abnormal behavior of the cancer.

Thus, discovery of biomarkers of known function that are unique or overly abundant in specific types of cancers may provide clues as to the biochemical vulnerabilities of these cancers, weaknesses that can be attacked selectively by specific classes of drugs.

USE OF PROCEEDS

We will not receive any proceeds from the resale of any of the shares offered by this prospectus by the selling stockholders.

DETERMINATION OF OFFERING PRICE

Since our shares are not listed or quoted on any exchange or quotation system, the offering price of the shares of common stock was arbitrarily determined. The offering price of the common stock registered hereunder was determined by the price shares sold to our stockholders in our recent private placements completed on June 30, 2006 and July 27, 2006. The offering price of the shares of common stock that is being registered hereunder was negotiated by us, the respective investors and placement agent under the offerings.

This offering price does not necessarily bear any relationship to our book value, assets, financial condition or any other established criteria of value. Although our common stock is not listed on a public exchange, we intend to seek a listing on the Over-the-Counter Bulletin Board (OTCBB) as soon as practicable following the effective date of the registration statement that contains this prospectus. However, there is no assurance that our common stock, once it becomes listed on a public exchange, will trade at market prices in excess of the initial public offering price as prices for the common stock in any public market which may develop will be determined in the marketplace, and may be influenced by many factors, including the depth and liquidity of the market for the common stock, investor perception of us and general economic and market conditions.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is no trading of our capital stock on any publicly traded market. Even if such stock becomes publicly tradable, the price of our common stock will likely fluctuate in the future. The stock market in general has experienced extreme stock price fluctuations in the past few years. In some cases, these fluctuations have been unrelated to the operating performance of the affected companies. Many companies have experienced dramatic volatility in the market prices of their common stock. We believe that a number of factors, both within and outside our control, could cause the price of our common stock to fluctuate, perhaps substantially. Factors such as the following could have a significant adverse impact on the market price of our common stock:

- Our ability to obtain additional financing and, if available, the terms and conditions of the financing;
- Our financial position and results of operations;
- Concern as to, or other evidence of, the safety or efficacy of any future proposed products and services or our competitors' products and services;
- Announcements of technological innovations or new products or services by us or our competitors;
- U.S. and foreign governmental regulatory actions;
- The development of litigation against us;
- Period-to-period fluctuations in our operating results;
- Changes in estimates of our performance by any securities analysts;
- Possible regulatory requirements on our business;
- The issuance of new equity securities pursuant to a future offering;
- Changes in interest rates;
- Competitive developments, including announcements by competitors of new products or services or significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- Variations in quarterly operating results;
- Change in financial estimates by securities analysts;
- The depth and liquidity of the market for our common stock;
- Investor perceptions of us; and
- General economic and other national conditions.

Holders

As of December 31, 2006, we currently have 26,582,183 shares of our common stock outstanding. As of December 31, 2006, our shares of common stock are held by approximately 66 stockholders of record. This does not include an indeterminate number of beneficial owners of securities whose shares are held in the names of various dealers and clearing agencies.

DIVIDENDS

Our dividend policy will be determined by our Board of Directors and will depend upon a number of factors, including our financial condition and performance, our cash needs and expansion plans, income tax consequences, and the restrictions that applicable laws and our credit arrangements then impose.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Recent Events

On June 30, 2006, Lixte Biotechnology, Inc., a privately-held Delaware corporation, completed a reverse merger transaction with our company, a public "shell" company, whereby Lixte became our wholly-owned subsidiary. For financial reporting purposes, Lixte was considered the accounting acquirer in the merger and the merger was accounted for as a reverse merger. Accordingly, the historical financial statements presented herein are those of Lixte and do not include our historical financial results. All costs associated with the reverse merger transaction were expensed as incurred. On December 7, 2006, we changed our name to Lixte Biotechnology Holdings, Inc.

Overview

Lixte was incorporated in Delaware on August 9, 2005 to capitalize on opportunities to develop low cost, specific and sensitive tests for the early detection of cancers to better estimate prognosis, to monitor treatment response, and to reveal targets for development of more effective treatments.

As a result of the reverse merger, we are now concentrating on discovering biomarkers for common cancers for which better diagnostic and therapeutic measures are needed. For each of these diseases, a biomarker that would enable identification of the presence of cancer at a stage curable by surgery could possibly save thousands of lives annually. In addition, biomarkers specific to these diseases may also provide clues as to processes (biological pathways) that characterize specific cancer types and that may be vulnerable to drug treatment targeted to the activity of the biomarker.

Critical Accounting Policies and Estimates

We prepared the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management periodically evaluates the estimates and judgments made. Management bases its estimates and judgments on historical experience and on various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates as a result of different assumptions or conditions.

The following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Research and Development

Research and development costs are expensed as incurred. Amounts due on research and development contracts with third parties are recorded as a liability, with the related amount of such contracts recorded as advances on research and development contract services on the Company's balance sheet. Such advances on research and development contract services are expensed over their life on the straight-line basis, unless the achievement of milestones, the completion of contracted work, or other information indicates that a different expensing schedule is more appropriate.

Stock-Based Compensation

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" ("SFAS 123R"). SFAS 123R requires all share-based payments, including grants of employee stock options to employees, to be recognized in the financial statements based on their grant date fair values. Effective January 1, 2006, SFAS No. 123R requires that the Company measure the cost of employee services received in exchange for equity awards based on the grant date fair value of the awards, with the cost to be recognized as compensation expense in the Company's financial statements over the vesting period of the awards.

Income Taxes

We account for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", which requires the recognition of deferred tax assets and liabilities for the expected impact of differences between the financial statements and the tax basis of assets and liabilities.

For federal income tax purposes, substantially all expenses must be deferred until we commence business operations and then they may be written off over a 60-month period. These expenses will not be deducted for tax purposes and will represent a deferred tax asset. We will provide a valuation allowance for the full amount of the deferred tax asset since there is no assurance of future taxable income. Tax deductible losses can be carried forward for 20 years until utilized.

Plan of Operation

Our initial focus is on developing new treatments for the most common and most aggressive type of primary brain cancer, glioblastoma multiforme ("GBM"). We entered into a Cooperative Research and Development Agreement with the National Institute of Neurological Diseases and Stroke of the National Institutes of Health to identify and evaluate drugs that target a specific biochemical pathway for GBM cell differentiation. The CRADA also covers research to determine whether expression of a component of this pathway correlates with prognosis in glioma patients.

The lead scientist at NINDS collaborating with us under the CRADA is Dr. Zhengping Zhuang. Dr. Zhuang is internationally recognized for his research in molecular pathology. Dr. Zhuang has four issued and two pending patents related to molecular pathology of human cancers. Dr. Zhuang recently discovered a biomarker of relevance to the growth of GBMs that we believe can be used as a tool for identifying drugs that affect the growth of GBM cells. Under the CRADA, we will support two persons at NIH to work under the direction of Dr. Zhuang. The goal is to identify drugs that inhibit GBM cell growth and to determine if the identified biomarker may be useful for estimation of prognosis. Our contribution to the collaborative research done by us and NIH is $200,000 annually for two years to fund two research assistants expected to be at the post-doctoral level, as well as supplies and travel expenses.

We sponsored the development and submission of a provisional patent application filed February 6, 2006 naming as co-inventors Dr. Zhuang, several other NIH investigators, and Dr. John S. Kovach. When the final patent application is filed in early 2007, the named inventors will assign their rights in the inventions to their employers, meaning that any patent (or patents) arising out of the application will be jointly owned by the U.S. Government and us. We are currently in negotiations with the NIH to obtain the exclusive commercial rights to the inventions covered by the Provisional Patent Application. As our research progresses, we expect to file further patent applications relating to the categories of products described below. Patent applications arising out of research pursuant to the CRADA are likely to be jointly owned by us and the U.S. Government. In such cases of joint ownership, we will likely seek to obtain the exclusive commercial rights to those inventions.

We expect that the products will derive directly from our intellectual property, which will consist of the Provisional Patent Application and other patents that we anticipate will arise out of our research activities. These patents are expected to cover biomarkers uniquely associated with the specific types of cancer, patents on methods to identify drugs that inhibit growth of specific tumor types, and combinations of drugs and potential drugs and potential therapeutic agents for the treatment of specific cancers.

We face several potential challenges in our efforts to achieve commercial success, including raising sufficient capital to fund our business plan, achieving commercially applicable results of our research program, continued access to tissue and blood samples from cancer patients, competition from more established, well-funded companies with competitive technologies, and future competition from companies that are developing competitive technologies, some of whom are larger companies with greater capital resources than us.

There is substantial uncertainty as to our ability to fund our operations and continue as a going concern (see "Liquidity and Capital Resources - Going Concern" below).

We have two major goals to achieve over the next 12 months. The prime objective, in collaboration with the National Institute of Neurological Diseases and Stroke (NINDS) under CRADA # 02165, is to extend the characterization of potentially more effective drugs and drug combinations (identified by us and jointly with NINDS) for the treatment of the incurable human brain tumor, glioblastoma multiforme (GBM). The second goal is to obtain well characterized samples of common human cancers other than GBM under conditions needed to identify new biomarkers for the earlier detection and identification of biochemical pathways as potential targets for new treatments.

Goal I: Development of more effective regimens for the treatment of GBM

Over the next 12 months, we will continue to develop preclinical data supporting the potential effectiveness of several drugs for the treatment of GBM when used alone or in combination. The drugs that have been identified as active in vitro have never been used for the treatment of GBM in humans. Some of these compounds were included in claims of a provisional patent filed jointly by the company and NINDS in February, 2006. Over the past 6 months, the activity of these drugs has been documented and several new lead compounds were identified. This work was done under the CRADA. The combinations of several pairs of lead drugs appear to have some specificity for GBM in that at equimolar doses these drugs are more active against GBMs than against other human cancer cell types tested. Some of the drug combinations are synergistic in their ability to inhibit the growth of GBMs, e.g. the combination of two drugs inhibits GBMs to a greater extent than would be expected from the sum of their inhibitory effects when used alone.

For several of the lead compounds, toxicity in mice was determined previously by others and for two lead compounds, doses that are tolerable in man and the specific toxicities induced by those doses are known. None of the lead compounds, however, have been evaluated as potential treatments for GBM.

We are converting the provisional patent filed by the company and scientists at NINDS in February, 2006 to a Patent Treaty Cooperation international patent (PCT). The PCT will present evidence supporting claims made in the provisional patent regarding the identification of new regimens for the treatment of GBM and add new claims. The new claims will include new lead compounds used alone and in combinations which are effective in inhibiting GBMs in vitro. The data will demonstrate that some of the single agents are active at doses expected to be compatible with administration to humans based on their use in humans in the past for other purposes. We expect that the PCT will be filed by February, 2007 jointly by us and NINDS as work done collaboratively under the CRADA.

We are also considering filing a second provisional patent simultaneously with or shortly after the PCT. This provisional patent will specify claims for regimens active against GBMs that were not stated in the initial provisional patent.

Over the next 6-12 months, we will evaluate two or more lead compounds alone and in combination for activity against human GBMs in an animal (mouse) model. These evaluations will be done at NIH under protocols developed by NINDS and us. The protocols will be approved by NIH committees responsible for approving the conduct of animal research at NIH and will be carried out by NIH personnel as a joint activity under the CRADA. The CRADA agreement specifies evaluation of drug regimens in animal models as one of the activities to be pursued by the company and NINDS. It is anticipated that the animal studies will include 3 regimens identified under the CRADA that have never been investigated as treatment for human GBMs. We expect these animal studies to be completed in September, 2007.

As the effectiveness of lead regimens against GBMs in the animal model is determined, a decision will be made as to which regimens are most promising for development for human studies. This decision will be made jointly by the company with the advice of its scientific advisory board and its CRADA partner, NINDS. At this point, NINDS and the company will consider whether development of specific regimens for evaluation in humans should proceed via an extension of the existing CRADA, under a new CRADA with NINDS, or possibly with another institute at NIH and/or with a partner in the pharmaceutical industry interested in and capable of taking the drug though the IND process and conducting clinical evaluations.

Goal II: Collection of Human Tumor Samples

Over the next 12 months, samples of human tumors and associated blood and urine samples will be collected by the University of Regensburg under our January 5, 2007 agreement with the Free State of Bavaria, Germany. Technology comparable to that used to detect the biomarker for GBM will be applied to these tumors to identify new biomarkers for cancers of the breast, colon, stomach, kidney, bladder, prostate, and ovary. The present CRADA with NINDS is limited to the study of GBM.

Plans Beyond the Next 12 Months

In early 2008, we expect to be in a position to begin analyses of tumor types other than GBM. The company plans to establish a laboratory to proceed with biomarker discovery independent of NIH. To do this we will need approximately $2.3 million to establish and operate the laboratory for 2 years i.e., to January 2010. The creation and operation of the laboratory for two years until December, 2009, will cost about $1.7 million. During this period-patent, auditing and office management expenses are estimated at $500,000. Thus, the company will need to raise about $2.3 million at the end of 2007 and beginning of 2008 to take the next step to biomarker discovery in cancers other than GBM. Funds will come either from payments as part of licensing rights to developing for clinical applications the regimens active against GBM or though the sale of new stock.

The laboratory (rented space) is expected to be located in a biotechnology incubator of the State of Maryland in close proximity to NIH or comparable incubator near an academic biomedical research center. This incubator offers low-cost, high-quality space and shared resources necessary for a molecular biology research. Because of proximity to NIH or other academic biomedical research center, we will have access to many highly trained scientists and technical personnel to staff the laboratory.

Projected major expenses for the wet laboratory are:

Year 1:

$ 48,000	for rental of 800 sq, ft. wet lab in MD incubator ($4000/month plus utilities/phone/internet)
$300,000	for staff salaries plus fringe (1 scientist & 2 technicians)
$100,000	for disposable equipment and reagents (~33K/lab person)
$300,000	for equipment (one time expense)
$100,000	for outsourced technical services (LC/MS/MS, immunoassay development)
Total Year 1:	$848,000

Year 2:

$ 50,400	for rental of wet lab
$315,000	for staff salaries
$105,000	for supplies
$300,000	for outsource technology services (LC/MS/MS, immunoassay development)
Total Year 2:	$770,400

Total costs for Laboratory Start Up and 2 Years of Operation = $1,618,400

Results of Operations - Three Months and Nine Months Ended September 30, 2006

Comparative financial statements for the interim periods ended September 30, 2005 reflect the results of operations of Lixte for the period August 9, 2005 (inception) to September 30, 2005 as Lixte, the accounting acquirer in the reverse merger transaction, was not formed until August 9, 2005. As such, our operations during these periods, was nominal.

We are a development stage company and have not yet commenced revenue-generating operations.

General and Administrative. For the three months and nine months ended September 30, 2006, general and administrative expenses were $62,251 and $201,104, respectively, which included $8,917 and $88,483 in the three months and nine months ended September 30, 2006, respectively, for the vested portion of the fair value of stock options issued to a director and certain members of our Scientific Advisory Committee on June 30, 2006. Significant components of general and administrative expenses to date consist of board compensation and legal and accounting fees.

Depreciation. For the three months and nine months ended September 30, 2006, depreciation expense was $115 and $334, respectively.

Research and Development Costs. Effective March 22, 2006, we entered into a Cooperative Research and Development Agreement with the U.S. Department of Health and Human Services, as represented by National Institute of Neurological Disorders and Stroke of the National Institutes of Health. The CRADA is for a term of two years from the effective date and may be unilaterally terminated by either party by providing written notice within sixty days. Pursuant to the CRADA, Lixte agreed to provide total payments of $400,000 over the term of the CRADA.

The amount currently due pursuant to the CRADA was recorded as a liability (and was subsequently reduced by any applicable payments), with the related amount of such contract recorded as advances on research and development contract services on our balance sheet. Such advances on research and development contract services are expensed over their life on the straight-line basis, unless the achievement of milestones, the completion of contracted work, or other information indicates that a different expensing schedule is more appropriate. For the three months and nine months ended September 30, 2006, research and development costs expensed were $50,100 and $100,100, respectively.

Reverse Merger Costs. On June 30, 2006, pursuant to a Share Exchange Agreement dated as of June 8, 2006 by and among SRKP, John S. Kovach and Lixte, SRKP issued 19,021,786 shares of its common stock in exchange for all of the issued and outstanding shares of Lixte, and Lixte became a wholly-owned subsidiary of SRKP. In connection with this transaction, we paid WestPark Capital, Inc. a cash fee of $50,000, which was charged to operations during the nine months ended September 30, 2006.

Net Loss. For the three months and nine months ended September 30, 2006, we incurred a net loss of $108,878 and $334,960, respectively.

Liquidity and Capital Resources - September 30, 2006

Going Concern

At September 30, 2006, we had not yet commenced any revenue-generating operations and we are therefore considered a "development stage company". All activity through September 30, 2006 related to our formation, capital raising efforts and initial research and development activities. As such, we have yet to generate any cash flows from operations, and is essentially dependent on debt and equity funding from both related and unrelated parties to finance our operations. Prior to June 30 2006, cash requirements were funded by advances from Lixte's founder. On June 30, 2006, we completed an initial closing of a private placement, selling 1,973,869 shares of common stock at a price of $0.333 per share and receiving net proceeds of $522,939. On July 27, 2006, we completed a second closing of its private placement, selling 1,581,351 shares of common stock at a price of $0.333 per share and receiving net proceeds of $427,925.

Because we are currently engaged in research at a very early stage, it will likely take a significant amount of time to develop any product or intellectual property capable of generating revenues. As such, our business is unlikely to generate any revenue in the next several years and may never do so. Even if we are able to generate revenues in the future through licensing our technologies or through product sales, there can be no assurance that such revenues will exceed our expenses.

Based on the proceeds received from the private placement, we may not have sufficient resources to completely fund our planned operations for the next twelve months. We do not have sufficient resources to fully develop and commercialize any products that may arise from our research. Accordingly, we will need to raise additional funds in order to satisfy our future working capital requirements. In the short-term, in addition to the net proceeds from the private placement, we estimate that we will require additional funding of approximately $2,300,000 to establish a wet laboratory at the end of our second year of operation. The laboratory would be needed to apply a technology similar to that being pursued to develop biomarkers and therapies for brain tumors to other types of human tumors obtained under the service agreement with the Institute of Pathology in Germany. The costs would include (1) rental of laboratory space in a biotech incubator associated with a university or state government, (2) salary of a lead junior scientist experienced in the cell and molecular techniques required, and (3) technical support, and some fixed and disposable equipment. Additionally, the amount and timing of future cash requirements will depend on market acceptance of our products, if any, and the resources that we devote to developing and supporting our products. We will need to fund these cash requirements from either one or a combination of additional financings, mergers or acquisitions, or via the sale or license of certain of our assets.

Current market conditions present uncertainty as to our ability to secure additional funds, as well as our ability to reach profitability. There can be no assurances that we will be able to secure additional financing, or obtain favorable terms on such financing if it is available, or as to our ability to achieve positive cash flow from operations. Continued negative cash flows and lack of liquidity create significant uncertainty about our ability to fully implement our operating plan and we may have to reduce the scope of our planned operations. If cash and cash equivalents are insufficient to satisfy our liquidity requirements, we would be required to scale back or discontinue our product development program, or obtain funds if available through strategic alliances that may require us to relinquish rights to certain of our technologies or discontinue our operations.

Operating Activities. For the nine months ended September 30, 2006, operating activities utilized cash of $381,106.

We had working capital of $741,343 at September 30, 2006, as compared to a working capital deficiency of $15,650 at December 31, 2005, primarily as a result of the private placement closings on June 30, 2006 and July 27, 2006, which generated net proceeds of $522,939 and $427,925, respectively.

Investing Activities. For the nine months ended September 30, 2006, investing activities utilized net cash of $238 for the purchase of office equipment.

Financing Activities. For the nine months ended September 30, 2006, financing activities provided net cash of $1,100,135, consisting of the gross proceeds from the sale of common stock of $1,183,889, the cash acquired in the reverse merger transaction of $62,500, and advances from stockholder of $86,771, reduced by the payment of private placement offering costs of $233,025.

Principal Commitments

At September 30, 2006, we did not have any material commitments for capital expenditures. Our principal commitment at September 30, 2006 consisted of the second installment on the CRADA of $200,000 which is due and payable in April 2007.

Effective March 22, 2006, we entered into a Cooperative Research and Development Agreement with the U.S. Department of Health and Human Services, as represented by National Institute of Neurological Disorders and Stroke of the National Institutes of Health. The CRADA is for a term of two years from the effective date and may be unilaterally terminated by either party by providing written notice within sixty days. Pursuant to the CRADA, we agreed to provide total payments of $400,000 over the term of the CRADA.

Off-Balance Sheet Arrangements

At September 30, 2006, we did not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS No. 157"), which establishes a formal framework for measuring fair value under GAAP. SFAS No. 157 defines and codifies the many definitions of fair value included among various other authoritative literature, clarifies and, in some instances, expands on the guidance for implementing fair value measurements, and increases the level of disclosure required for fair value measurements. Although SFAS No. 157 applies to and amends the provisions of existing FASB and AICPA pronouncements, it does not, of itself, require any new fair value measurements, nor does it establish valuation standards. SFAS No. 157 applies to all other accounting pronouncements requiring or permitting fair value measurements, except for: SFAS No. 123(R), share-based payment and related pronouncements, the practicability exceptions to fair value determinations allowed by various other authoritative pronouncements, and AICPA Statements of Position 97-2 and 98-9 that deal with software revenue recognition. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years.

BUSINESS

Our Company

We were incorporated in the State of Delaware on May 27, 2005. Immediately prior to the completion of the Reverse Merger, we did not conduct any business operations and had minimal assets and liabilities. Upon the Reverse Merger, there was a change of control and Dr. John Kovach, our Chief Executive Officer, acquired a controlling interest as a result of the share exchange involving Lixte. Our management immediatedly prior to the Reverse Merger also served as officers and directors of SRKP 1, Inc., SRKP 2, Inc., SRKP 3, Inc., SRKP 5, Inc., SRKP 6, Inc., SRKP 8, Inc., SRKP 9, Inc., SRKP 10, Inc., SRKP 11, Inc., SRKP 12, Inc. and SRKP 14, Inc., all of which are or were "blank check" companies.

Lixte was created to capitalize on opportunities for the company to develop specific, and sensitive tests for the early detection of cancers to better estimate prognosis, to monitor treatment response, and to reveal targets for development of more effective treatments.

Research Objectives

In the first year of operation, we will concentrate on exploiting the biomarker pathway associated with the growth of GBMs to identify drugs with potential selective activity against this type of tumor. In the first year, we will also collect the clinical samples needed for the identification of biomarkers for ovarian and

stomach cancer. Subsequently, we will include cancers of the breast, prostate, colon, bladder, and kidney. For each of these diseases, a biomarker that would enable identification of the presence of cancer at a stage curable by surgery would save thousands of lives annually. Biomarkers specific to these diseases may also provide clues as to processes (biological pathways) that may be important to the growth of the cancer and therefore be vulnerable to drug treatments targeted to the biomarker pathway.

We will seek to identify new treatments for the most common and most aggressive type of primary brain cancer, glioblastoma multiforme ("GBM") under a Cooperative Research and Development Agreement ("CRADA") with the National Institute of Neurological Diseases and Stroke ("NINDS") of the National Institutes of Health ("NIH"). A second goal of the CRADA is to determine whether expression of a component of the biomarker pathway correlates with prognosis in glioma patients.

The collaborating NIH laboratory is directed by Dr. Zhengping Zhuang, who is an internationally recognized molecular pathologist. He has four issued and two pending patents related to molecular pathology of human cancers. Dr. Zhuang and colleagues at NIH recently discovered a biomarker that we believe can be used as a tool for identifying drugs that affect the growth of GBM cells. Under the CRADA, we will support studies in Dr. Zhuang's laboratory with $200,000 annually for two years for two research assistants expected to be at the post-doctoral level and supplies. Dr. Zhuang will make the selection of the research personnel.

Intellectual Property

We sponsored the development and submission of a provisional patent application filed February 6, 2006 (the "Provisional Patent Application") naming as co-inventors Dr. Zhuang, several other NIH investigators, and Dr. Kovach. When the final patent application is filed in early 2007, the named inventors will assign their rights in the inventions to their employers, meaning that any patent (or patents) arising out of the application will be jointly owned by the U.S. Government and us.

We are currently in the negotiations with the NIH to obtain the exclusive commercial rights to the inventions covered by the Provisional Patent Application. Our patent lawyer is in discussions with the Office of Technology Transfer, NIH. The discussions relate solely to the claims in a provisional patent filed prior to finalization of the CRADA. This provisional patent includes co-inventors from NIH and Dr. Kovach. Management does not expect any material difficulty to obtain an exclusive license to the claims of this provisional patent. Moreover, under the CRADA the claims in the provisional patent are being reduced to practice. This data substantiates the claims in the provisional patent. The new data (all obtained as an activity done as part of the CRADA) will lead to new claims that will be filed in a second patent. Under the CRADA agreement, the company has a right to an exclusive license to the patent claims made as part of the CRADA agreement. In the event that no agreement can be reached with the Office of Technology Transfer, NIH regarding an exclusive license to the initial provisional patent, that patent would likely lapse but be incorporated into new patents describing work conducted under the CRADA.

We expect to file further patent applications relating to the categories of products described below. Patent applications arising out of research pursuant to the CRADA are likely to be jointly owned by Lixte and the U.S. Government. In such cases of joint ownership, we will likely seek to obtain the exclusive commercial rights to those inventions.

Dr. Kovach was the first to point out the possibilities for developing clinically feasible therapeutic combinations relating to molecular observations made by the other co-inventors. He suggested that NIH consider pursuing a patent. NIH considered the possibility and declined but supported pursuit of Dr. Kovach's suggestions under a CRADA. Furthermore, NIH expressed willingness to participate in a patent developed by Lixte around the suggestions made by Dr. Kovach. NIH reviewed the language of the patent. NIH has agreed and we have been advised that Dr. Kovach is a co-inventor for his contributions to the recognition of the use of observations made by NIH personnel, the delineation of a specific method for using the phenomenon discovered regarding aspects of the biology of human brain tumor cells for screening agents for anti-brain tumor activity, and for indicating several types of agents not previously recognized for use in certain combinations as lead possibilities for activity against human brain tumor cells.

Access to Clinical Materials

To detect and to assess the clinical relevance of biomarkers, we need access to human tissue, blood and perhaps other body fluids of patients with and without the specific types of cancer under study. On January 5, 2007 we entered into a two year agreement with the Institute of Pathology at the University of Regensburg in Germany to receive a supply of high quality, accurately annotated tissue and blood samples for cancers other than brain cancers. This arrangement provides us with appropriate clinical samples for which permission has been obtained to study any molecular feature of the tissue for commercial purposes. This is an absolute requirement for success of a for-profit company in this field. Pursuant to the Agreement, the University will provide us with certain samples of primary cancer tissue and related biological fluids to be obtained from patients affiliated with specified types of cancer. The University will also provide certain information relating to such patients. We will pay the University 72,000 Euros (approximately $99,702) in two installments of 36,000 Euros, the first installment to be paid by March 7, 2007 and the second installment to be paid within 60 days of the earlier of (i) January, 2008 or (ii) the University's fulfillment of certain obligations relating to the delivery of materials.

Clinical samples will be obtained from patients who have given their signed informed consent by persons identified by the University of Regensburg, Germany. These are employees of the University who have approval by the University to seek such permission under a consent form approved by the University. The scope of use has been narrowed to the study of human cancers for the purposes of developing improved methods of diagnosis, estimation of prognosis, treatment and understanding causation of human cancers.

The collection, selection, histological characterization, and processing of tissue samples and collection of blood samples will be managed by Arndt Hartmann, M.D., a Professor in the Institute of Pathology at the University of Regensburg. Dr. Hartmann is an expert clinical and molecular pathologist and is keenly interested in the project. His research is focused on the molecular genetics of breast, bladder, prostate and kidney cancer. He was a research fellow for three years in Dr. Kovach's laboratory at the Mayo Clinic in Rochester before completing his residency in pathology and joining the faculty at Regensburg University. Dr. Hartmann is a member of the Scientific Advisory Committee of Lixte.

To date, the only cancers studied by us are those of brain cancers, and all such studies have been done at the NIH under the CRADA. All brain cancer cell lines and human tumor cells were provided by NIH.

The Market

We believe that a sensitive, specific, reasonably priced assay for the detection of any common human cancer at an early stage could save thousands of lives annually, reduce health care costs, and generate significant income.

Brain Cancer

The most malignant type of brain cancer, GBM, although less common than stomach, breast and prostate cancers, is almost invariably fatal. Typically, survival after surgery and radiation is only 12 to 18 months. A biomarker reflecting disease progression and, most importantly, providing a method to develop more specific and effective treatments of GBM would be an important discovery.

Stomach Cancer

We believe that stomach cancer (gastric cancer) is a target for biomarker identification because of its high prevalence in certain of the world's population, particularly in Asia. Since gastric cancer is uncommon in the West, development of new diagnostics and treatments is not a priority for many pharmaceutical and diagnostic companies, providing a special opportunity for us.

Current screening for gastric cancer entails passing a tube into the stomach (gastroscopy) and sampling of suspicious areas. The invasive nature and cost of gastroscopy with sedation limits systematic screening of large numbers of individuals at risk. We believe that a blood test for the early detection of stomach cancer could save many lives and significantly reduce health care costs in countries with a high prevalence of the disease.

Ovarian Cancer

Although ovarian cancer is much less common than breast cancer, cancer of the ovary is responsible for the death of almost half as many women who die from breast cancer. Less than 50% of women are cured of ovarian cancer because the disease is almost always in an advanced stage before it produces symptoms. Yet, if ovarian cancer is found early, the cure rate is 90% or better. A blood test for screening women at risk (all women who are 50 or older) is urgently needed.

Marketing Plan

Once a biomarker has been identified, depending on the projected cost for evaluation, we expect to either conduct the initial assessment using our resources or seek partners in industry for clinical development. If we have the resources, we prefer to generate evidence of clinical value on our own to maximize financial value of the product.

If we do not have the resources needed to develop the clinical potential of a given biomarker ourselves, we intend to try to find partners in large diagnostic and/or pharmaceutical companies. These companies are increasingly dependent upon new biomarkers discovered by academic groups and small biotechnology companies to maintain a pipeline of promising drugs and new diagnostic tools.

We are confident that the molecular approaches that led to the discovery of the biomarker for GBMs (and the subject of the Provisional Patent Application) could lead to the discovery of equally promising new biomarkers for other cancers. If discovered and developed, the challenge will be to decide which products to license early and which to carry into clinical evaluation without a pharmaceutical company partner.

Research and Development

Our primary objective is to develop sensitive and specific assays for identification of potential therapeutic targets and for the early detection for several common cancers. Most cancers produce abnormal proteins or abnormal amounts of normal proteins. How many of these potential biomarkers are present at detectable concentrations in the blood is not known.

There are four steps in our biomarker detection and validation process:

1. Tissue Acquisition

The acquisition of well-characterized cancer tissue and blood samples from cancer patients and control individuals is the most critical step to success. We believe that we should have access to the clinical samples needed for our program from the Institute of Pathology at University of Regensburg in Germany. We expect that the samples we will obtain will be or have been collected under the regulatory requirements of the European Union and of the Office of Protection of Research Subjects in the United States. Those regulations require that each patient be fully informed about the process, the use of the samples, and any attendant risks. Though there is a negligible medical risk related to the collection of the samples for Lixte's purposes, the consent form points out that the tissue is not needed for clinical purposes and that the research done will not affect the patient's care in any way.

The consent specifies further that the samples will be used to develop diagnostic tests and/or treatments for cancer that may have commercial value and that the participants will not be entitled to any of the financial benefits from the product's development. All samples are coded and the privacy of all participants is assured because personal identifiers are never shared with us by the University of Regensburg. Obtaining consent is the responsibility of the collaborating institution, but all consent processes and forms will be jointly approved by the collaborating institution and by us.

Under the CRADA agreement, any tissue that might be studied at NIH must meet the requirements of the Office of Protection of Research Subjects in the United States. Before any samples collected by us would be used under the CRADA, the informed consent process pertaining to the samples, including determination that anonymization of the samples was carried out, would be reviewed with NIH and deemed acceptable with respect to the requirements of NIH.

2. Tissue Processing

For maximum efficiency in detecting biomarkers, cancer cells must be isolated from a complex matrix of normal cells and other structural elements of tissue in which the cancer has arisen under conditions that do not alter potential biomarkers. The procedures used minimize destruction and alteration of cell components. Once processed, preparations can be transported without compromising their integrity.

3. Detection and Identification of Biomarkers

The search for molecular elements with features unique to a specific cancer type is accomplished using highly reproducible physical techniques. These techniques are not proprietary but involve technologies used in sequences that are not obvious. The most prominent biomarkers for each tumor type are identified by mass spectrometric sequencing. We will select for patenting and clinical evaluation biomarkers present at high frequency in all cancers of the same type.

4. Development of Assays for Biomarkers in the Blood

Whether to develop an assay for selected biomarkers is an important decision point. Assay development is an expensive component of the discovery process but also an essential step in establishing commercial value. For each cancer type, we expect to screen sera of affected and unaffected persons for the five most promising biomarkers of known sequence for which patent protection seems achievable. Maximum value of the product for diagnostics is achieved by demonstrating the presence of specific biomarkers in the serum of patients harboring the cancer of interest and their absence in the sera of patients without the cancer.

Biomarkers not useful for diagnostic assays may still have significant value as markers of prognosis and/or as drug targets. For example, although it is not yet clear whether the new biomarker discovered by Dr. Zhuang will serve as a useful diagnostic assay for GBMs, that biomarker is nevertheless valuable because it was demonstrated to provide a tool for identification of new drug combinations active against GBMs in vitro.

Using stringent criteria for biomarker selection, analysis of small numbers of a given type of cancer is sufficient for detection of relevant biomarkers. If potential biomarkers for early diagnosis are discovered for several types of cancer, such as the one already identified for GBMs, we will prioritize their development in the following order: stomach, ovary, prostate, colon, bladder, and kidney. If a particularly compelling opportunity arises, we have the flexibility to quickly direct resources to maximize chances of developing a clinically useful product.

Product Overview

Our products will derive directly from our intellectual property consisting of our Provisional Patent Application and other patents we anticipate will arise from our research activities. Those patents are expected to cover biomarkers uniquely associated with specific types of cancer that may provide the bases for assays suitable for cancer detection and patents on methods to identify drugs that inhibit growth of specific tumor types and combinations of drugs as potential therapeutic agents for the treatment of specific cancers.

We believe that there are four main markets for potential products that may be developed by Lixte.

1. **Improved Cancer Treatments.** Improved chemotherapy regimens for cancers not curable by surgery or radiation;

2. **Diagnostic Assays.** Improved assays of body fluids, primarily blood, for the diagnosis of cancers at stages when cure is possible through surgery and/or radiotherapy;

3. **Estimation of Prognosis.** Improved methods for estimation of prognosis by molecular sub-classification of histologically indistinguishable tumor subtypes; and

4. **Assessment of Therapeutic Effectiveness.** Improved methods to assess therapeutic effectiveness by monitoring with biomarker assays persistence or reappearance of cancer during and after treatment and during drug development.

Each market is discussed below.

1. Improved Cancer Treatments

We will seek to develop improved therapeutic regimens when biomarkers provide insight into pathways vulnerable to chemical and/or immunological attack. Some tumor biomarkers have specific (enzymatic) functions and are “drugable,” that is, their function can be altered pharmacologically. For example, the identification of the biomarker specific to regulation of GBMs has led to development of an assay for screening compounds for anti-GBM activity.

2. Diagnostic Assays

We intend to work under the CRADA with NINDS to assess the clinical potential of the new biomarker for GBM. Using the approach developed by Dr. Zhuang to identify markers for GBM and for other rare tumors, we also intend to initiate searches for biomarkers in other common cancers for which there is no highly specific and sensitive blood test for early detection. The focus for the first two years, in addition to GBMs, will be ovarian and gastric cancer. For these diseases, a reliable blood test for their detection at an

early surgically curable stage would save many lives. If our resources increase as anticipated, research will likely be extended to the identification of biomarkers for stomach and ovarian cancer and subsequently to biomarkers for breast, prostate, colon, bladder, and kidney cancers.

3. Estimation of Prognosis

There is a wide spectrum of aggressiveness and responsiveness to drug treatments for many cancers that are clinically indistinguishable with present methods of classification. Judgment of the aggressiveness of most cancers is currently based on their morphologic appearance under the microscope and, for some tumors, on a few molecular features such as hormone receptors associated with breast cancers. There are few biomarkers sufficiently reliable to predict the prognosis of a given cancer patient so that treatment intensity can be adjusted with confidence toward less or more toxic regimens.

4. Assessment of Therapeutic Effectiveness

We believe that specific and sensitive biomarkers for any human cancer are in great demand by pharmaceutical companies and by the National Cancer Institute as aids to drug development and to the development of targeted drug treatment. In addition, we believe that biomarkers that reflect disease progression and regression during initial clinical evaluation of new therapeutic agents could greatly reduce the cost of new drug development. To assess the effectiveness of a specific treatment, it would be less expensive and more efficient to monitor the appearance and disappearance of a biomarker in the blood than to monitor the course of disease by radiological imaging.

Product Development

We will become subject to FDA regulations at such time as we pursue development of clinical trials. Additionally, any product for which we obtain marketing approval, along with the manufacturing processes, post-approval clinical data and promotional activities for such product, will be subject to continual review and periodic inspections by the FDA and other regulatory bodies. Even if regulatory approval of a product is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. Later discovery of previously unknown problems with our products, including unanticipated adverse events or adverse events of unanticipated severity or frequency, manufacturer or manufacturing processes, or failure to comply with regulatory requirements, may result in restrictions on such products or manufacturing processes, withdrawal of the products from the market, voluntary or mandatory recall, fines, suspension of regulatory approvals, product seizures, injunctions or the imposition of civil or criminal penalties.

Competition

The life sciences industry is highly competitive and subject to rapid and profound technological change. We believe that several companies are investigating biomarkers for every human cancer. These companies include firms seeking a better understanding of molecular variability in human brain tumors with the objective to be able to use such information to design better treatments. Our present and potential competitors include major pharmaceutical companies, as well as specialized biotechnology and life sciences firms in the United States and in other countries. Most of these companies have considerably greater financial, technical and marketing resources than we do. Additional mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated in our competitors. Our existing or prospective competitors may develop processes or products that are more effective than ours or be more effective at implementing their technologies to develop commercial products faster. Our competitors may succeed in obtaining patent protection and/or receiving regulatory approval for commercializing products before us. Developments by our competitors may render our product candidates obsolete or non-competitive.

We also experience competition from universities and other research institutions, and we are likely to compete with others in acquiring technology from those sources. There can be no assurance that others will not

develop technologies with significant advantages over those that we are seeking to develop. Any such development could harm our business.

We face competition from other companies seeking to identify and commercialize cancer biomarkers. We also compete with universities and other research institutions engaged in research in these areas. Many of our competitors have greater technical and financial resources than we do.

Our ability to compete successfully is based on numerous factors, including:

- the cost-effectiveness of any product we ultimately commercialize relative to competing products;
- the ease of use and ready availability of any product we bring to market;
- the accuracy of a diagnostic test designed by us in detecting cancers, including overcoming the propensity for “false positive” results; and
- the relative speed with which we are able to bring any product resulting from our research to market in our target markets.

If we are unable to distinguish our products from competing products, or if competing products reach the market first, we may be unable to compete successfully with current or future competitors. This would cause our revenues to decline and affect our ability to achieve profitability.

Employees

As of July 31, 2006, we had no full-time employees. Dr. Kovach is Chair of the Department of Preventive Medicine at SUNY, in Stony Brook. He received approvals from the School of Medicine of Stony Brook University and from the New York State Ethics Commission to operate the company (or to serve as CEO of the company) and to hold greater than 5% of our outstanding shares.

Our investment commitments in the research efforts pursuant to the CRADA fund two technical assistants who will work under the supervision of Dr. Zhuang on the aims of the CRADA. Dr. Kovach will devote 0.2 person of his efforts per year to research planning and design and will monitor the research progress under the CRADA. Dr. Kovach’s contributions will be made outside of his academic responsibilities.

Properties

At present, we conduct all laboratory activities at NIH under the CRADA agreement. We will also collect and store samples of human tumors other than brain cancers under a service agreement with the University of Regensburg, Germany. The company maintains a single office in a designated area of Dr. Kovach's residence and receives mail at the post office depot, 248 Route 25A, No. 2, East Setauket, New York 11733. No additional facilities are needed until the company develops its independent laboratory.

Government Regulation

At its present stage of development, our business is not subject to any specific government regulation with respect to its ongoing research and plan service agreement. Our only collaborator at present is National Institute of Neurological Diseases and Stroke (NINDS), National Institutes of Health. This collaboration is defined in CRADA 2165 under which NINDS evaluates compounds for their ability to inhibit the growth of brain tumor cells. The NINDS laboratory that is carrying out this activity is a research laboratory that operates in compliance with various federal and state's statutes and regulations including the OSHA. All activities of this laboratory are monitored by the compliance office of NINDS.

Our business is also currently negotiating a service agreement with Regensburg University, Germany for access to “waste” samples of various human cancers and serum and urine from individuals with cancers. The collection, preparation, storage, and transfer of these materials are subject to the investigational review board of the University, which operates under the requirements of the Free State of Bavaria. The materials are anonymized by the personnel by the University so that the business has no way to link clinical samples to any individuals. This process is in compliance with the requirements of the CRADA and with FDA regulations concerning the study of clinical material.

There are no other regulations affecting the pursuit of the goals of the business. In the future, if and when we develop an independent laboratory, that laboratory would be subject to the same regulations that apply to any laboratory carrying out research on biological samples. Should we develop an independent laboratory, it will engage a compliance expert to formally assess the status of the laboratory with respect to federal occupational and environmental regulations and also those regulations of the state in which the laboratory is located as these regulations pertain to the operation of the laboratory.

In the future, we anticipate that as part of the CRADA agreement with NINDS lead compounds identified as active in vitro by the NINDS laboratory will be assessed for activity in animal models (mouse/rat) of human brain tumors. Such activities by NINDS and the business would be carried out in compliance with all applicable Statutes, Executive Capital Orders, HHS regulations and all FDA, CDC, and NIH policies as specified in Article 13, 13.1 and 13.2, of the PHS CRADA agreement.

Our business will become subject to the regulations of the FDA when we begin to pursue development of clinical trials. The ultimate objective of our CRADA is to identify, characterize, and bring to clinical trial regimens for the treatment of human brain tumors (GBMs). We estimate that we are at least one year from being in a position to begin discussing development of a clinical trial. Such a clinical trial would most likely be conducted by us in association with a pharmaceutical company in association with NIH under the existing CRADA or under a new CRADA or with a pharmaceutical company without association with NIH. In either case, we would be primarily responsible for filing and obtaining approval from the FDA of an Investigational New Drug Application (IND). In the event that we seek to raise sufficient capital to conduct a phase I clinical trial without a partner in the pharmaceutical industry in collaboration with NIH or independently, we would become subject to FDA regulation as we sought to obtain an IND for clinical evaluation of a therapeutic regimen with the long-range goal of receiving FDA approval of the drug for commercial use. Acquisition of an IND from the FDA is the process that triggers FDA review and oversight as federal law requires that a drug be the subject of an approved marketing application before it is transported to clinical investigations, unless exempted. The IND is the means through which we would obtain such exemption. During a new drug's early preclinical development, our primary goal is to determine if the product is reasonably safe for initial use in humans, and if the compound exhibits pharmacological activity that justifies commercial development. When a product is identified as a viable candidate for further development, we would then focus on collecting the data and information necessary to establish that the product will not expose humans to unreasonable risks when used in limited, early-stage clinical studies. FDA's role in the development of a

new drug begins when we, having screened the new molecule for pharmacological activity and acute toxicity potential in animals, want to test its diagnostic or therapeutic potential in humans. At that point, the molecule changes in legal status under the Federal Food, Drug, and Cosmetic Act and becomes a new drug subject to specific requirements of the drug regulatory system. Once the IND is submitted, we must wait 30 calendar days before initiating any clinical trials. During this time, FDA has an opportunity to review the IND for safety to assure that research subjects will not be subjected to unreasonable risk.

In addition to regulations imposed by the FDA, depending on our future activities we may become subject to regulation under various federal and state statutes and regulations such as the Occupational Safety and Health Act, the Environmental Protection Act, the Toxic Substances Control Act, the Research Conservation and Recovery Act, national restrictions on technology transfer, and import, export and customs regulations. From time to time, other federal agencies and congressional committees have indicated an interest in implementing further regulation of biotechnology applications. We are not able to predict whether any such regulations will be adopted or whether, if adopted, such regulations will apply to our business, or whether we or our collaborators would be able to comply with any applicable regulations.

In addition, as we intend to market our products in international markets, we may be required to obtain separate regulatory approvals from the European Union and many other foreign jurisdictions. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA. We may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our products in any market. As we are currently in the development stage, we can predict the impact on us from any such regulations.

LEGAL PROCEEDINGS

We are not a party to any legal proceedings.

MANAGEMENT

The following table and text set forth the names of all directors and executive officer of our Company as of October 31, 2006. The Board of Directors is comprised of only one class. All of the directors will serve until the next annual meeting of stockholders and until their successors are elected and qualified, or until their earlier death, retirement, resignation or removal. There are no family relationships between or among the directors, executive officers or persons nominated or charged by our Company to become directors or executive officers. The executive officer serves at the discretion of the Board of Directors, and is appointed to serve until the first Board of Directors meeting following the annual meeting of stockholders. The brief descriptions of the business experience of each director and executive officer and an indication of directorships held by each director in other companies subject to the reporting requirements under the Federal securities laws are provided herein below. Also provided are the biographies of the members of the Scientific Advisory Committee.

Our directors and executive officer are as follows:

Name	Age	Position Held with the Registrant
Dr. John S. Kovach	70	Chief Executive Officer, Director
Dr. Philip F. Palmedo	72	Director

We intend to add at least one more independent director as soon as possible.

Biographies of Directors and Executive Officer:

Dr. John S. Kovach

Dr. John S. Kovach, age 70, founded Lixte in August 2005 and was its President and a member of the Board of Directors. He received a BA (cum laude) from Princeton University and an MD (AOA) from the College of Physicians & Surgeons, Columbia University. Dr. Kovach trained in Internal Medicine and Hematology at Presbyterian Hospital, Columbia University and spent six years in the laboratory of Chemical Biology, National Institute of Arthritis and Metabolic diseases studying control of gene expression in bacterial systems.

Dr. Kovach was recruited to Stony Brook University in 2000 to found the Long Island Cancer Center (now named the Stony Brook University Cancer Center). He is presently Chair of the Department of Preventive Medicine at Stony Brook University in Stony Brook, New York. From 1994 to 2000, Dr. Kovach was Executive Vice President for Medical and Scientific Affairs, City of Hope National Medical Center in Los

Angeles, California. His responsibilities included oversight of all basic and clinical research initiatives at the City of Hope. During that time he was also Director of the Beckman Research Center at City of Hope and a member of the Arnold and Mabel Beckman Scientific Advisory Board in Newport Beach, California.

From 1976 to 1994, Dr. Kovach was a consultant in oncology and director of the Cancer Pharmacology Division at the Mayo Clinic in Rochester, Minnesota. During this time, he directed the early clinical trials program for evaluation of new anti-cancer drugs as principal investigator of contracts from the National Cancer Institute. From 1986 to 1994, he was also Chair of the Department of Oncology and Director of the NCI-designated Mayo Comprehensive Cancer Center. During that time, Dr. Kovach, working with a molecular geneticist, Steve Sommer MD, PhD, published extensively on patterns of acquired mutations in human cancer cells as markers of environmental mutagens and as potential indicators of breast cancer patient prognosis. Dr. Kovach has published over 100 articles on the pharmacology, toxicity, and effectiveness of anti-cancer treatments and on the molecular epidemiology of breast cancer. Dr. Kovach directs Lixte with the approval of the State University of New York at Stony Brook and the New York State Ethics Commission.

Chief Executive Officer

Initially, leadership and management of our company will be provided by Dr. Kovach with the advice of the board of Directors and the Scientific Advisory Committee. The activities for the first year at least will be confined to achieving the goals of the CRADA through the collaborative arrangement of the company by which Dr. Kovach and Dr. Zhuang, aided by two full time technical personnel, will pursue development of lead compounds for the treatment of malignant brain tumors. During the initial year, Dr. Kovach will also oversee the collection of the clinical samples needed to validate the biomarker observations regarding GBMs and to be in a position to extend the discovery process to ovarian and stomach cancers. At this point, we will consider seeking another CRADA to extend the scope of our research or establishing an independent laboratory. The timing of this expansion will depend on raising additional capital of approximately $2.3 million by sale of additional shares of stock. A chief executive officer would then be recruited to manage our business affairs. It is anticipated that this may require less than full time effort for the second year with a need developing for a full time CEO and at least a part time financial officer in the third year of operation.

Dr. Philip F. Palmedo

Dr. Palmedo joined our board of directors on June 30, 2006. Dr. Palmedo has had a diversified career as a physicist, entrepreneur, corporate manager and writer. Dr. Palmedo received his undergraduate degree from Williams College and M.S. and Ph.D. degrees from MIT. He carried out experimental nuclear reactor physics research at MIT, Oak Ridge National Laboratory, the French Atomic Energy Commission Laboratory at Saclay and Brookhaven National Laboratory (BNL). At BNL in 1972 he initiated and was the first head of the Energy Policy Analysis Group. In 1974 he served with the Energy Policy Office of the White House and in the following year initiated the BNL Developing Country Energy Program.

In 1979, Dr. Palmedo founded the International Resources Group, an international professional services firm in energy, environment and natural resources. He served as Chairman and CEO until 1988 and since that time remains as Chairman of the company. In 1985 the company was recognized by Inc. Magazine as one of the 500 fastest growing private companies in the U.S.

In 1988, Dr. Palmedo joined in the formation of Kepler Financial Management, Ltd., a quantitative financial research and trading company. Dr. Palmedo held the position of President and Managing Director until the end of 1991 when Renaissance Technologies Corporation acquired the company. In 2005 he started a new hedge fund, Kepler Asset Management, and is a Managing Director of the firm.

Dr. Palmedo was the designer and, in 1992, became the first president of the Long Island Research Institute. LIRI was formed by Brookhaven National Laboratory, Cold Spring Harbor Laboratory, and Stony

Brook University to facilitate the commercialization of technologies developed in their research and development programs. LIRI guided fledgling companies and started several new high tech entities. In order to provide "zero-stage" financing, LIRI created the Long Island Venture Fund, which evolved into the $250 million Topspin Fund.

Dr. Palmedo served on the boards of Asset Management Advisors and the Teton Trust Company and is currently a member of the Board of Directors of EHR Investments and the Gyrodyne Corporation of America. Dr. Palmedo also served on the Board of Trustees of Williams College and of the Stony Brook (University) Foundation and chaired the Foundation's Investment Committee. He is the founding Chairman of the non-profit Cultural Preservation Fund.

Dr. Palmedo has served as a consultant and advisor to numerous corporations and national and international agencies in science, technology and environmental policy including the MacArthur Foundation, the U. S. National Academy of Sciences, International Atomic Energy Agency, UNIDO, Organization of American States, the Governments of Sweden, Denmark, Dominican Republic, Indonesia, Somalia, Sudan, Egypt and Peru. He is the author of many publications in nuclear reactor physics, energy and environment, and technology and economic development. Dr. Palmedo has two sons and lives in St. James, Long Island, N.Y. with his wife, Elisabeth.

SCIENTIFIC ADVISORY COMMITTEE

The Committee which is not part of management advises us in three areas: human molecular pathology; the clinical management of human brain tumors; and medicinal chemistry. It is planned that the committee will meet as a group annually with some members participating via telephone conference. Thus far the Committee has been apprised of our general objectives and several of the specific challenges and leads for developing improved therapies for human brain tumors. The Committee members have not provided specific advice thus far that has modified strategy nor do they serve in any management capacity. The scientific advisory committee was formalized on June 30, 2006. The members of our Advisory Committee are:

Arndt Hartmann, MD

Dr. Hartmann is Professor of Pathology, Institute of Pathology, University of Regensburg, Germany. He was trained in Internal Medicine at the University of Jena, Germany, and in molecular genetics of cancer at Mayo Clinic, Rochester, MN. He was subsequently trained in pathology at the University of Regensburg and the University of Basel, Switzerland. His research is focused on methods development in molecular pathology. He has specific expertise in genetic alterations in cancers of the bladder, prostate, kidney and breast.

Ferdinand Hofstadter, MD

Dr. Hofstadter is Professor and Director of the Institute of Pathology, University of Regensburg Medical School, Germany. He is Research Dean of the University of Regensburg-Medical Faculty, Chairman of the Managing Board of the Association of German Tumor Centers, Chairman of the German Society for Pathology, a member of the editorial boards of Virchow's Archives and the Journal of Pathology, and a referee for Deutsche Forschungsgesellschaft, the Dr. Mildred Scheel-Stiftung, EU, and the European Research Framework Program.

Stefan Madajewicz, MD, PhD

Dr. Madajewicz is Professor of Medicine. For the past 15 years, he has been Director of Cancer Clinical Trials and for the past 10 years, Chief, Neoplastic Diseases at SUNY-Stony Brook. Dr. Madajewicz is a Fellow, American College of Physicians and a member of the American Society of Clinical Oncology, American Association for Cancer Research, European Society of Medical Oncology an affiliate of the Eastern Cooperative Oncology Group, and member of the National Surgical Adjuvant Breast and Bowel Project. He is recognized as an outstanding cancer clinician and for the design of clinical trials, particularly the evaluation of new drugs in the treatment of cancers of the gastrointestinal tract and brain.

Iwao Ojima, BS, MS, PhD

Professor Ojima is Distinguished Professor of Chemistry and Director, Institute of Chemical Biology and Drug Discovery, SUNY-Stony Brook. He is an internationally recognized expert in medicinal chemistry,

including anticancer agents and enzyme inhibitors, development of efficient synthetic methods for organic synthesis by means of organometallic reagents, homogeneous catalysis and organometallic chemistry, peptide and peptide mimetics, beta-lactam chemistry, and organoflourine chemistry at the biomedical interface.

Dr. Ojima is a recipient of the Arthur C. Cope Scholar Award (1994) and the E. B. Hershberg Award (for important discovery of medicinally active substances) (2001) from the American Chemical Society; The Chemical Society of Japan Award (for distinguished achievements) (1999); Outstanding Inventor Award from the Research Foundation of the State University of New York (2002. He is a Fellow of the J.S. Guggenheim Memorial Foundation (1995-), the American Association for the Advancement of Science (1997-), and The New York Academy of Sciences (2000-).

Dr. Ojima is a member of the American Chemical Society, American Association for the Advancement of Science, American Association for Cancer Research, American Peptide Society, the Chemical Society of Japan, the Society of Synthetic Organic Chemistry, Japan, New York Academy of Sciences, and Signa Xi. He has served as a consultant for E. I. du Pont, Eli Lilly, Air Products & Chemicals, Mitsubishi Chem. Inc., Nippon Steel Corp., Life Science Division, Rhone-Poulenc Rorer, ImmunoGen, Inc., Taiho Pharmaceutical Co., Milliken & Co., Aventis Pharma, OSI Pharmaceuticals, Inc., Mitsubishi Chem. Corp. (current).

Audit Committee

We do not presently have an audit committee. The board of directors acts in that capacity and has determined that we do not currently have an audit committee financial expert serving on our audit committee.

EXECUTIVE COMPENSATION

For the current and prior fiscal year, Dr. Kovach has not and does not anticipate receiving any compensation from us in view of our early stage status. He will be reimbursed for any out-of-pocket expenses. Any future compensation arrangements will be subject to the approval of the board of directors. Richard Rappaport, who served as our President in 2005 through the date of the Reverse Merger, did not receive any compensation for that period.

Option Grants in 2005

None.

Aggregated Option Exercises in 2005 and Option Values at December 31, 2005

None.

Employment Agreements; Compensation

We have not entered into any employment agreements. As of December 31, 2006, we had no full-time employees. For the current fiscal year, Dr. Kovach does not anticipate receiving any compensation from us in view of our early stage status. He will be reimbursed for any out-of-pocket expenses. Any future compensation arrangements will be subject to the approval of the board of directors. Dr. Phillip Palmedo, our sole outside director, has received options to purchase 200,000 shares of common stock at the initial private placement price of $0.333 per share with one third of the options (66,666 shares) vesting immediately upon joining the board and one third vesting annually for two years on the anniversary of that date. Dr. Palmedo has also received options to purchase 190,000 shares of common stock at $0.333 per share for services rendered in developing the business plan for Lixte.

Director Compensation

Members of the Board of Directors

On June 30, 2006, Dr. Palmedo was granted options to purchase 200,000 shares of common stock at the initial private placement price of $0.333 per share with one third of the options (66,666 shares) vesting on such date and one third vesting annually for two years on the anniversary of that date. Any additional outside member of the Board will receive options to purchase 200,000 shares of common stock at the fair market value as of the date of the grant with one third of the options (66,666 shares) vesting immediately upon joining the board and one third vesting annually for two years on the anniversary of that date. On June 30, 2006, Dr. Palmedo also was granted options to purchase 190,000 shares of common stock exercisable for a period of five years at $0.333 per share for services rendered in developing our business plan, all of which were fully vested upon issuance.

Members of the Scientific Advisory Committee

On June 30, 2006 each member of the Scientific Advisory Committee (SAC), other than Drs. Hartmann and Hofstadter, received options to purchase 50,000 shares of common stock at the initial private placement price of $0.333 per share with one half of the options (25,000 shares) vesting on the first anniversary of joining the SAC and one half vesting on the second anniversary.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of January 15, 2007, certain information regarding beneficial ownership of our common stock by (i) each person or entity who is known by us to own beneficially more than 5% of the outstanding shares of common stock, (ii) each of our directors, and (iii) all directors and executive officers as a group. As of January 15, 2007, there were 26,582,183 shares of our common stock issued and outstanding. In computing the number and percentage of shares beneficially owned by a person, shares of common stock that a person has a right to acquire within sixty (60) days of October 31, 2006, pursuant to options, warrants or other rights are counted as outstanding, while these shares are not counted as outstanding for computing the percentage ownership of any other person. Unless otherwise indicated, the address for each stockholder listed in the following table is c/o SRKP 7, Inc., 248 Route 25A, No. 2, East Setauket, New York 11733. This table is based upon information supplied by directors, officers and principal stockholders and reports filed with the Securities and Exchange Commission.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Officers, Directors and 5% stockholders		
Dr. John S. Kovach 248 Route 25A, No. 2 East Setauket, New York 11733	17,021,786	64.03%
Dr. Philip F. Palmedo 248 Route 25A, No. 2 East Setauket, New York 11733	256,666(1)	0.96%
Richard Rappaport (2) 1900 Avenue of the Stars Los Angeles, California 90067	1,154,845	4.34%
All Officers and directors as a group (two persons following the consummation of the Exchange)	17,278,452(1)	64.37%

(1) Includes options to purchase an aggregate of 256,666 shares of common stock, which are immediately exercisable.

(2) Mr. Rappaport served as the Company's President from May 2005 until June 30, 2006. Mr. Rappaport is the Chief Executive Officer of WestPark Capital Inc. The number in the table does not include any shares of our common stock issuable upon the exercise of warrants issued to WestPark with respect to which Mr. Rappaport disclaims beneficial ownership.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

This section describes the transactions we have engaged in with persons who were directors, officers or affiliates before and at the time of the transaction, and persons known by us to be the beneficial owners of 5% or more of our common stock as of October 31, 2006.

On May 26, 2005, we sold 1,155,000 shares and 270,000 shares of our comon stock to Richard Rappaport and Anthony Pintsopoulos at a per share price of $0.009. Messrs Rappaport and Pintsopoulos were our officers and directors prior to our reverse merger.

Most office services are provided without charge by Dr. Kovach, our president. Such costs are immaterial to the financial statements and accordingly, have not been reflected therein. Our officer and director are involved in other business activities and may, in the future, become involved in other business opportunities that become available, such person may face a conflict in selecting between us and his other business interests. We have not formulated a policy for the resolution of such conflicts.

In connection with the private placement of our securities in June and July 2006, we paid WestPark Capital, Inc. fees of $165,744 representing a commission of 10% and a nonaccountable expense fee of 4% on the gross proceeds. We also issued five year warrants to purchase an aggregate of 426,626 shares of common stock equal to 12% of the number of shares sold in the private placement at an exercise price of $0.333 per share. We also paid WestPark Capital, Inc. a $50,000 fee in connection with the Reverse Merger. Richard Rappaport, the Chief Executive Officer of WestPark Capital, Inc. was our President from our formation through the date of the Reverse Merger.

Also, Dr. Kovach, our President, has advanced to us an aggregate of $92,717 through September 30, 2006 to meet operating expenses. Such advances are non-interest bearing and are due on demand.

DESCRIPTION OF SECURITIES

General

Our authorized capital consists of 100,000,000 shares of common stock, par value $0.0001 per share, and 10,000,000 shares of preferred stock, par value $0.0001 per share. As of December 31, 2006, we had 26,582,183 shares of common stock outstanding. We have no shares of preferred stock issued or outstanding, warrants to purchase an aggregate of 426,626 shares and options to purchase 490,000 shares. We have granted registration rights to the investors in the private placement and certain of the shareholders who were such at the time of the reverse merger. The registration statement of which this prospectus is a part covers the resale of such shares. We do not believe that any outstanding shares are currently eligible to be sold under Rule 144.

Common Stock

Subject to rights which may be granted to holders of preferred stock in the future, each share of our common stock is entitled to one vote at all meetings of our stockholders. Our common stockholders are not permitted to cumulate votes in the election of directors. All shares of our common stock are equal to each other with respect to liquidation rights and dividend rights. There are no preemptive rights to purchase any additional shares of our common stock. In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to receive, on a pro rata basis, all of our assets remaining after satisfaction of all liabilities and preferences of outstanding preferred stock, if any.

On May 18, 2006, we approved a stock dividend of 11% of the issued and outstanding shares of common stock to be issued to all stockholders of record as of May 18, 2006.

Transfer Agent

Our transfer agent is US Stock Transfer Corporation, located at 1745 Gardena Avenue, Glendale, CA 91204, telephone (818) 502-1404.

SHARES ELIGIBLE FOR FUTURE SALE

Future sales of a substantial number of shares of our common stock in the public market could adversely affect market prices prevailing from time to time. Under the terms of this offering, the shares of common stock offered may be resold without restriction or further registration under the Securities Act of 1933, except that any shares purchased by our “affiliates,” as that term is defined under the Securities Act, may generally only be sold in compliance with Rule 144 under the Securities Act.

Sale of Restricted Shares

Certain shares of our outstanding common stock were issued and sold by us in private transactions in reliance upon exemptions from registration under the Securities Act and have not been registered for resale. Additional shares may be issued pursuant to outstanding warrants and options. Such shares may be sold only pursuant to an effective registration statement filed by us or an applicable exemption, including the exemption contained in Rule 144 promulgated under the Securities Act. The shares owned by the stockholders immediately prior to the reverse merger may only be sold pursuant to an effective registration statement.

Rule 144

In general, under Rule 144 as currently in effect, a stockholder, including one of our affiliates, may sell shares of common stock after at least one year has elapsed since such shares were acquired from us or our affiliate. The number of shares of common stock which may be sold within any three-month period is limited to the greater of: (i) one percent of our then outstanding common stock, or (ii) the average weekly trading volume in our common stock during the four calendar weeks preceding the date on which notice of such sale was filed under Rule 144. Certain other requirements of Rule 144 concerning availability of public information, manner of sale and notice of sale must also be satisfied. In addition, a stockholder who is not our affiliate, who has not been our affiliate for 90 days prior to the sale, and who has beneficially owned shares acquired from us or our affiliate for over two years may resell the shares of common stock without compliance with many of the foregoing requirements under Rule 144. The shares owned by the stockholders immediately prior to the reverse merger may only be sold pursuant to an effective registration statement.

SELLING STOCKHOLDERS

The securities being offered hereunder are being offered by the selling stockholders listed below or their respective transferees, pledgees, donees or successors. Each selling stockholder may from time to time offer and sell any or all of such selling stockholder's shares that are registered under this prospectus. Because no selling stockholder is obligated to sell shares, and because the selling stockholders may also acquire publicly traded shares of our common stock, we cannot accurately estimate how many shares each selling stockholder will own after the offering.

All expenses incurred with respect to the registration of the common stock covered by this prospectus will be borne by us, but we will not be obligated to pay any underwriting fees, discounts, commissions or other expenses incurred by any selling stockholder in connection with the sale of shares.

The following table sets forth, with respect to each selling stockholder (i) the number of shares of common stock owned as of December 31, 2006 and prior to the offering contemplated hereby, (ii) the maximum number of shares of common stock which may be sold by the selling stockholder under this prospectus, and (iii) the number of shares of common stock which will be owned after the offering by the selling stockholder. All stockholders listed below are eligible to sell their shares. None of the stockholders listed below have had any position, office or other material relationship with us within the past 3 years. All New Investors have entered into a Securities Purchase Agreement and a Registration Rights Agreement with us. The percentage ownership set forth below is based upon 26,582,183 shares outstanding.

	Prior to Offering			After Offering	
Investor Name	**Shares**	**Percent**	**Shares Offered**	**Shares**	**Percent**
Existing Stockholders (1)					
Debbie Schwartzberg	1,154,845	4.3%	1,154,845	0	0%
Tom Poletti	269,973	1.0%	269,973	0	0%
Glenn Krinsky	149,985	*	149,985	0	0%
TMC Ulster Holdings, Inc. (2)	1,005,556	3.8%	1,005,556	0	0%
New Investors (3)					
Israel Freeman 884 Oreo Place Pacific Palisades, CA 90272	150,150	*	150,150	0	0%

Back to Table of Contents

	Prior to Offering			After Offering	
Investor Name	**Shares**	**Percent**	**Shares Offered**	**Shares**	**Percent**
Solomon Blisko 55 Broad St. New York, NY 10004	45,045	*	45,045	0	0%
Alvin S. Michaelson, Esq., Professional Corporate Retirement Plan 1901 Avenue of the Stars, Suite 615 Los Angeles, CA 90067	100,000	*	100,000	0	0%
Dennis O'Donnell 66 South Stone Hedge Dr. Basking Ridge, NJ 07920	24,024	*	24,024	0	0%
Richard & Donna Hoefer 42239 Nottingwood Ct. Northville, MI 48618-2024	75,075	*	75,075	0	0%
Kagel Family Trust 1801 Century Park East, #2500 Los Angeles, CA 90067	150,150	*	150,150	0	0%
Allan Berry 16940 SW 94th Ct. Palmetto Bay, FL 33157	30,030	*	30,030	0	0%
Jane M. Trigg 24 Terra Pines Gate Yaphank, NY 11980	3,000	*	3,000	0	0%
Darryl J. Tyson 3800 Lovers Lane Dallas, TX 75225	45,045	*	45,045	0	0%
Arthur Berrick & Sharon Berrick 3901 Rock Hampton Drive Tarzana, CA 91356	150,150	*	150,150	0	0%
Dennis Holman 6819 Shadowcreek Drive Maumee, OH 43537	45,045	*	45,045	0	0%
Frederic Colman 165 Harcross Road Woodside, CA 94106	240,240	*	240,240	0	0%
Scott F. Jasper 111 W. Belden St Sherman , Texas 75092	30,030	*	30,030	0	0%
Mitchell J. Lipcon Profit Sharing Keough Plan 9100 S Dadeland Blvd Suite 400 Miami, Florida 33156	45,045	*	45,045	0	0%

	Prior to Offering			After Offering	
Investor Name	**Shares**	**Percent**	**Shares Offered**	**Shares**	**Percent**
J & N Invest LLC 152-E 9th St. Lakewood, NJ 08761	150,150	*	150,150	0	0%
John W. Hardy 2920 N. Foothill Dr Provo, UT	45,045	*	45,045	0	0%
David Clarke Po Box 210999 Palm Beach, Florida 33421	60,060	*	60,060	0	0%
William & Ann Collins 64 Upper Loudon Road Loudonville, NY 12211	60,060	*	60,060	0	0%
Howard Izes 7900 Old York Road Elkins Park, PA 19027	45,045	*	45,045	0	0%
Brent D. Butcher 5960 Fardown Ct. Salt Lake City, Utah 84121	60,060	*	60,060	0	0%
Rita M. Lurie 93 Taylor Lane Harrison, NY 10528	75,075	*	75,075	0	0%
David C. Katz 54 Tarn Dr. Morris Plains, NY 07950	45,045	*	45,045	0	0%
Mike Lichtie 4198 Wildcreek Sandy, UT 84092	60,060	*	60,060	0	0%
Mark Nielsen 572 25th St. Hermosa Beach, CA 90254	150,150	*	150,150	0	0%
David R. Falk PO Box 189 St. Ansgar, IA 50472	45,045	*	45,045	0	0%
Mody K. Boatright 629 Santa Monica Corpus Christi, TX 78411	45,045	*	45,045	0	0%
Samuel Solomon 1 S. Greenleaf, Suite A Gurnee, IL 60031	30,030	*	30,030	0	0%
Phillip & Sherrine Thomas 3 Hazelwood Lane Kinnelon, NJ 07405	30,030	*	30,030	0	0%

	Prior to Offering			After Offering	
Investor Name	**Shares**	**Percent**	**Shares Offered**	**Shares**	**Percent**
Tae Kang 41 Constitution Way Jersey City, NJ 07305	45,045	*	45,045	0	0%
George B. Feussner 7106 NW 11th Place, Suite A Gainesville, FL 32605	60,060	*	60,060	0	0%
Gerald C. Holman 345 Terrents Pt. Carmel, IN 46032	36,036	*	36,036	0	0%
Bart Anderson 134 Magee Road Ringwood, NJ 07456	30,030	*	30,030	0	0%
Marvin Rosenblatt 80 Weston St. Hartford, CT 06120	45,045	*	45,045	0	0%
Paul E. Northcutt P.O. Box 1669 Ponca City, OK 74602	60,060	*	60,060	0	0%
Glenn S Shear 5690 Glen Erol Rd. Atlanta, GA 30327	30,030	*	30,030	0	0%
Charanjit S. Pangali 6333 Paseo Santa Maria Pleasonton, CA 94566	30,030	*	30,030	0	0%
Doug Kuber 575 Madison Avenue, 10th Floor New York, NY 10022	150,150	*	150,150	0	0%
Richard Rudin 17466 Farmers Mine Rd. Paonia, CO 81428	60,060	*	60,060	0	0%
David L. Boyer P.O. Box 672171 Chugiak, AK 99567	75,075	*	75,075	0	0%
Glenn Izmarian 3381 Venture Drive Huntington Beach, CA 92649	30,000	*	30,000	0	0%
Mody K. Boatright (Round 2) 629 Santa Monica Corpus Christi, TX 78411	45,045	*	45,045	0	0%
Harvey P. Weintraub 3936 W. Loyola Lincolnwood, IL 66712	90,090	*	90,090	0	0%

	Prior to Offering			After Offering	
Investor Name	**Shares**	**Percent**	**Shares Offered**	**Shares**	**Percent**
Ens Defined Benefit Plan 26 Spring Valley Dr. Holmdel, NJ 07733	90,090	*	90,090	0	0%
Charles M. Merkel P.O. Box 1388, 30 Delta Avenue Clarksdale, MS 38614	75,075	*	75,075	0	0%
Dennis O'Donnell (Round 2) 66 South Stone Hedge Dr. Basking Ridge, NJ 07920	66,066	*	66,066	0	0%
Remedium LLC 141 Broad St. New Britain, CT 06053	16,517	*	16,517	0	0%
Richard Pawlinger 5425 Powers Ferry Rd. Atlanta, GA 30327	75,075	*	75,075	0	0%
John W Lahr 3570 Outlook Avenue Cincinnati, OH 45208	75,075	*	75,075	0	0%
Kathleen Datys 11 Caskey Road Glen Spey, NY 12737	90,090	*	90,090	0	0%
Rebecca Utter 3947 Las Vegas Dr. El Paso, TX 79902	45,045	*	45,045	0	0%
Richard Metsch 7 Sundale Place Scarsdale, NY 10583	36,036	*	36,036	0	0%
Joan Metsch 23 Greenville Road Scarsdale, NY 10583	12,613	*	12,613	0	0%
Cynthia Metsch 50 Phillips Place Northampton, MA 01060	15,015	*	15,015	0	0%
John O. Forrer 1714 Hoban Rd. NW Washington, D.C. 20007	54,054	*	54,054	0	0%
Miriam S. Mooney Trust FBO Joan F. Connolly 1714 Hoban Rd. NW Washington, D.C. 20007	20,721	*	20,721	0	0%

	Prior to Offering			After Offering	
Investor Name	**Shares**	**Percent**	**Shares Offered**	**Shares**	**Percent**
Miriam S. Mooney Trust FBO David Forrerr 1714 Hoban Rd. NW Washington, D.C. 20007	36,036	*	36,036	0	0%
Miriam S. Mooney Trust FBO Catherine F. Sotto Forrer 1714 Hoban Rd. NW Washington, D.C. 20007	27,027	*	27,027	0	0%

* Less than 1%

(1) The shares were issued to the existing stockholders on May 26, 2005 at a per share price of $0.009.
(2) The beneficial holder of such shares is Guido DaLessio.
(3) The shares issued to the new investors were sold in private placements occuring on June 30, 2006 and July 27, 2006 at a per share price of $0.333.

PLAN OF DISTRIBUTION

General

Each selling stockholder and any of their pledges, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on the on any stock exchange, market or trading facility on which the shares are traded or quoted or in private transactions. Until the shares are listed on the OTC Bulletin Board, the shares may only be sold at a fixed price of $0.33. Thereafter, these sales may be at fixed prices, or prevailing market prices or privately negotiated prices. Each selling stockholder will act independently from us in making decisions with respect to the manner, timing, price and size of each sale. A selling stockholder may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise; or
- any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the selling stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with NASDR Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with NASDR IM-2440.

In connection with the sale of the common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of the common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

We are required to pay certain fees and expenses incurred by us, incident to the registration of the shares. We have agreed to indemnify the selling stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Because selling stockholders may be deemed to be “underwriters” within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act. In addition, any securities covered by this prospectus, which qualify for sale pursuant to Rule 144 under the Securities Act, may be sold under Rule 144 rather than under this prospectus. Each selling stockholder has advised us that they have not entered into any written or oral agreements, understandings or arrangements with any underwriter or broker-dealer regarding the sale of the resale shares. There is no underwriter or coordinating broker acting in connection with the proposed sale of the resale shares by the selling stockholders.

Registration Obligations

We agreed to keep this prospectus effective until the earlier of (i) the date on which the shares may be resold by the selling stockholders without registration and without regard to any volume limitations by reason of Rule 144(e) under the Securities Act or any other rule of similar effect or (ii) all of the shares have been sold pursuant to the prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale shares may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the selling stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of shares of the common stock by the selling stockholders or any other person. We will make copies of this prospectus available to the selling stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale.

LEGAL MATTERS

The validity of the issuance of the common stock offered hereby will be passed upon for us by Troy & Gould P.C.

EXPERTS

The financial statements of Lixte, Inc. for the year ended December 31, 2005 appearing in this prospectus have been audited by AJ. Robbins, PC, Certified Public Accountants, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Pursuant to our certificate of incorporation and bylaws, we may indemnify an officer or director who is made a party to any proceeding, because of his position as such, to the fullest extent authorized by Delaware General Corporation Law, as the same exists or may hereafter be amended. In certain cases, we may advance expenses incurred in defending any such proceeding.

To the extent that indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. If a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person of our company in the successful defense of any action, suit or proceeding) is asserted by any of our directors, officers or controlling persons in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of that issue.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form SB-2, which includes exhibits, schedules and amendments, under the Securities Act, with respect to this offering of our securities. Although this prospectus, which forms a part of the registration statement, contains all material information included in the registration statement, parts of the registration statement have been omitted as permitted by rules and regulations of the SEC. We refer you to the registration statement and its exhibits for further information about us, our securities and this offering. The registration statement and its exhibits, as well as our other reports filed with the SEC, can be inspected and copied at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549-1004. The public may obtain information about the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a web site at http://www.sec.gov, which contains the Form SB-2 and other reports, proxy and information statements and information regarding issuers that file electronically with the SEC.

Back to Table of Contents

INDEX TO FINANCIAL STATEMENTS

Lixte, Inc. Financial Statements for the period from August 9, 2005 (inception) to December 31, 2005

SRKP 7, Inc. and Subsidiary Unaudited Interim Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Lixte, Inc.
East Setauket, NY

We have audited the accompanying balance sheet of Lixte, Inc. (a development stage company) as of December 31, 2005, and the related statements of operations, changes in stockholder's equity (deficit), and cash flows for the period from August 9, 2005 (inception) to December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lixte, Inc. as of December 31, 2005, and the results of its operations and its cash flows for the period from August 9, 2005 (inception) to December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company is in the development stage and has not commenced operations. Its ability to continue as a going concern is dependent upon its ability to develop additional sources of capital, locate and complete a merger with another company and ultimately achieve profitable operations. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

AJ. ROBBINS, PC
CERTIFIED PUBLIC ACCOUNTANTS

Denver, Colorado
February 27, 2006, except for the event discussed in Note 6, dated August 15, 2006

Back to Table of Contents

LIXTE, INC.
(A Development Stage Company)

Balance Sheet December 31, 2005

ASSETS

CURRENT ASSETS:	
Cash in bank	$ 4,946
Total Current Assets	4,946
EQUIPMENT, net	1,026
	$ 5,972

LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)

LIABILITIES:	
Accounts payable	$ 14,650
Due to stockholder	5,946
Total Current Liabilities	20,596
STOCKHOLDER'S EQUITY (DEFICIT)	
Preferred stock, $.0001 par value, 10,000,000 shares authorized; none issued and outstanding	—
Common stock, $.0001 par value, 100,000,000 shares authorized; 19,021,786 shares issued and outstanding	1,902
Additional paid-in capital	(402)
(Deficit) accumulated during development stage	(16,124)
Total Stockholder's Equity (Deficit)	(14,624)
	$ 5,972

See accompanying notes to financial statements.

LIXTE, INC.
(A Development Stage Company)

Statements of Operations
For the period from August 9, 2005 (inception) to December 31, 2005

	For the Period From August 9, 2005 To December 31, 2005	Cumulative From August 9, 2005 (Inception) To December 31, 2005
REVENUE	$ —	$ —
EXPENSES	16,124	16,124
NET (LOSS)	$ (16,124)	$ (16,124)
NET (LOSS) PER COMMON SHARE - BASIC	$ *	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	19,021,786	

(*) Less than $0.01

See accompanying notes to financial statements.

LIXTE, INC.
(A Development Stage Company)

Statement of Changes in Stockholder's Equity (Deficit)
For the period from August 9, 2005 (inception) to December 31, 2005

	Common Stock		Additional	(Deficit) Accumulated	Total Stockholder's
	Shares	Amount	Paid-in Capital	During Stage	Equity(Deficit)
Balances, August 9, 2005	—	$ —	$ —	$ —	$ —
Shares issued to founding stockholder	19,021,786	1,902	(402)	—	1,500
Net (loss)	—	—	—	(16,124)	(16,124)
Balances, December 31, 2005	19,021,786	$ 1,902	$ (402)	$ (16,124)	$ (14,624)

See accompanying notes to financial statements.

LIXTE, INC.
(A Development Stage Company)

Statements of Cash Flows

	For the Period From August 9, 2005 To December 31, 2005	Cumulative From August 9, 2005 (Inception) To December 31, 2005
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Net (loss)	$ (16,124)	$ (16,124)
Adjustment to reconcile net (loss) to net cash:		
Depreciation	113	113
Changes in operating assets and liabilities:		
Accounts payable	14,650	14,650
Net Cash (Used In) Operating Activities	(1,361)	(1,361)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES:		
Purchase of equipment	(1,139)	(1,139)
Net Cash (Used In) Investing Activities	(1,139)	(1,139)
CASH FLOWS FROM FINANCING ACTIVITIES		
Common stock issued for cash	1,500	1,500
Advances from stockholder	5,946	5,946
Net Cash Provided By Financing Activities	7,446	7,446
NET INCREASE IN CASH	4,946	4,946
CASH, beginning of period	—	—
CASH, end of period	$ 4,946	$ 4,946

See accompanying notes to financial statements.

LIXTE, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History
Lixte, Inc. ("the Company"), a development stage company, was organized under the laws of the State of Delaware on August 9, 2005. The Company is in the development stage as defined in Financial Accounting Standards Board Statement No. 7. The fiscal year end is December 31.

Going Concern and Plan of Operations
The Company's financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company is in the development stage and has not earned any revenues from operations to date, which raises substantial doubt about its ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to develop additional sources of capital, and ultimately achieve profitable operations. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

The Company is currently devoting its efforts to research and development related to specific cancer biomarkers for early detection, estimation of prognosis, monitoring response to treatment, and development of targeted therapeutic agents. The Company is seeking to exploit this opportunity through execution of its business plan and the development of related patents.

Income Taxes
The Company uses the liability method of accounting for income taxes pursuant to Statement of Financial Accounting Standards No. 109. Under this method, deferred income taxes are recorded to reflect the tax consequences in future years of temporary differences between the tax basis of the assets and liabilities and their financial amounts at year end.

For federal income tax purposes, substantially all expenses must be deferred until the Company commences business and then they may be written off over 60-month period. These expenses will not be deducted for tax purposes and will represent a deferred tax asset. The Company will provide a valuation allowance in the full amount of the deferred tax asset since there is not assurance of future taxable income. Tax deductible losses can be earned forward for 20 years until utilized.

Cash and Cash Equivalents
Cash and cash equivalents consist primarily of cash in banks and highly liquid investments with original maturities of 90 days or less.

Equipment
Equipment is recorded at cost. Depreciation expense is provided on a straight-line basis using estimated useful lives of 3 years. Depreciation expense was $113 for the period ended December 31, 2005. Maintenance and repairs are charged to expense as incurred. When assets are retired or otherwise disposed of, the property accounts are relieved of costs and accumulated depreciation and any resulting gain or loss is credited or charged to operations.

Concentrations of Credit Risk

The Company maintains all cash in deposit accounts, which at times may exceed federally insured limits. The Company has not experienced a loss in such accounts.

Earnings Per Common Share

Earnings per common share is computed based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share consists o f weighted average number of common shares outstanding plus the dilutive effects of options and warrants calculated using the treasury stock method. In loss periods, dilutive common equivalent shares are excluded as the effect would be anti-dilutive.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates and assumptions.

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued accounting pronouncements. The adoption of the accounting pronouncements is not anticipated to have a material effect on the operations of the Company.

NOTE 2 - EQUIPMENT

Equipment consists of the following at December 31, 2005:

Office equipment	$	920
Software		219
Total		1,139
Less accumulated depreciation		(113)
	$	1,026

NOTE 3 - STOCKHOLDER'S EQUITY

During October 2005, the Company issued 1,500 shares of its common stock to one investor for $1,500. See Note 6 for a discussion of the changes in stockholder's equity.

NOTE 4 - RELATED PARTY TRANSACTIONS

Most office services are provided without charge by the president. Such costs are immaterial to the financial statements and accordingly, have not been reflected therein. The officer and director of the Company is involved in other business activities and may, in the future, become involved in other business opportunities that become available, such person may face a conflict in selecting between the Company and his other business interests. The Company has not formulated a policy for the resolution of such conflicts.

NOTE 5 - DUE TO STOCKHOLDER

During the period a stockholder advanced the Company $5,946 to pay for operating expenses. These funds have been advanced interest free. Subsequent to year end, the stockholder has advanced approximately $13,000.

NOTE 6 - SUBSEQUENT EVENTS

In April 2006, the Company changed its name to Lixte Biotechnology, Inc.

On June 30, 2006, the Company completed a reverse merger transaction with SRKP 7, Inc. ("SRKP"), a public "shell" company, whereby the Company became a wholly-owned subsidiary of SRKP. For financial reporting purposes, the Company was considered the accounting acquirer in the merger and the merger was accounted for as a reverse merger. The stockholders' equity section of the Company has been retroactively restated for all periods presented to reflect the accounting effect of the reverse merger transaction.

In connection with the reverse merger transaction, SRKP issued 19,021,786 shares of its common stock in exchange for all of the issued and outstanding shares of Lixte. Previously, on October 3, 2005, Lixte had issued 1,500 shares of its no par value common stock to its founder for $1,500, which constituted all of the issued and outstanding shares of Lixte prior to the exchange of shares.

SRKP 7, INC. AND SUBSIDIARY
(a development stage company)

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2005	September 30, 2006
		(Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,946	$ 723,737
Advances on research and development contract services, net	---	100,000
Prepaid insurance	---	27,552
Total current assets	4,946	851,289
Office equipment, net of accumulated depreciation of $113 at December 31, 2005 and $457 at September 30, 2006	1,026	920
Total assets	$ 5,972	$ 852,209
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities:		
Accounts payable and accrued expenses	$ 14,650	$ 17,229
Due to stockholder	5,946	92,717
Total current liabilities	20,596	109,946
Commitments and contingencies		
Stockholders' equity (deficiency):		
Preferred stock, $0.0001 par value; authorized - 10,000,000 shares; issued - none	---	---
Common stock, $0.0001 par value; authorized - 100,000,000 shares; issued and outstanding - 19,021,786 shares at December 31, 2005 and 26,582,183 shares at September 30, 2006	1,902	2,658
Additional paid-in capital	(402)	1,100,689
Deficit accumulated during the development stage	(16,124)	(361,084)
Total stockholders' equity (deficiency)	(14,624)	742,263
Total liabilities and stockholders' equity (deficiency)	$ 5,972	$ 852,209

See accompanying notes to condensed consolidated financial statements.

SRKP 7, INC. AND SUBSIDIARY
(a development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2006	Period from August 9, 2005 (Inception) to September 30, 2005	Period from August 9, 2005 (Inception) to September 30, 2006 (Cumulative)
Revenues	$ ---	$ ---	$ ---	$ ---
Costs and expenses:				
General and administrative (including stock-based compensation to director of $8,917 and $88,483 during the three months and nine months ended September 30, 2006, respectively)	65,251	201,104	333	217,115
Depreciation	115	344	---	457
Research and development costs	50,100	100,100	---	100,100
Reverse merger costs	---	50,000	---	50,000
Interest income	(6,588)	(6,588)	---	(6,588)
Total costs and expenses	108,878	344,960	333	361,084
Net loss	$ (108,878)	$ (344,960)	$ (333)	$ (361,084)
Net loss per common share - basic and diluted	$ (0.00)	$ (0.02)	$ (0.00)	
Weighted average number of common shares outstanding - basic and diluted	26,152,469	21,458,613	19,021,786	

See accompanying notes to condensed consolidated financial statements.

SRKP 7, INC. AND SUBSIDIARY
(a development stage company)

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIENCY) (unaudited)

	Common Stock		Additional Paid-in	Deficit Accumulated During the Development	Total Stockholders' Equity
	Shares	Amount	Capital	Stage	(Deficiency)
Balance, August 9, 2005 (inception)	---	$ ---	$ ---	$ ---	$ ---
Shares issued to founding stockholder	19,021,786	1,902	(402)	---	1,500
Net loss	---	---	---	(16,124)	(16,124)
Balance, December 31, 2005	19,021,786	1,902	(402)	(16,124)	(14,624)
Shares issued in connection with reverse merger transaction	4,005,177	401	62,099	---	62,500
Shares issued in private placement, net of offering costs of $233,025	3,555,220	355	950,509	---	950,864
Stock-based compensation	---	---	88,483	---	88,483
Net loss	---	---	---	(344,960)	(344,960)
Balance, September 30, 2006	26,582,183	$ 2,658	$ 1,100,689	$ (361,084)	$ 742,263

See accompanying notes to condensed consolidated financial statements.

SRKP 7, INC. AND SUBSIDIARY
(a development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Nine Months Ended September 30, 2006	Period from August 9, 2005 (Inception) to September 30, 2005	Period from August 9, 2005 (Inception) to September 30, 2006 (Cumulative)
Cash flows from operating activities			
Net loss	$ (344,960)	$ (333)	$ (361,084)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	344	---	457
Stock-based compensation	88,483	---	88,483
Changes in operating assets and liabilities:			
Decrease in -			
Advances on research and development contract services	(100,000)	---	(100,000)
Prepaid insurance	(27,552)	---	(27,552)
Increase in -			
Accounts payable and accrued expenses	2,579	---	17,229
Net cash used in operating activities	(381,106)	(333)	(382,467)
Cash flows from investing activities			
Purchase of office equipment	(238)	(649)	(1,377)
Net cash used in investing activities	(238)	(649)	(1,377)
Cash flows from financing activities			
Proceeds from sale of common stock to founder	---	---	1,500
Cash acquired in reverse merger transaction	62,500	---	62,500
Gross proceeds from sale of common stock	1,183,889	---	1,183,889
Payment of private placement offering costs	(233,025)	---	(233,025)
Advances from stockholder	86,771	982	92,717
Net cash provided by financing activities	1,100,135	982	1,107,581
Net increase in cash	718,791	---	723,737
Cash at beginning of period	4,946	---	---
Cash at end of period	$ 723,737	$ ---	$ 723,737

(continued)

SRKP 7, INC. AND SUBSIDIARY
(a development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited) (continued)

	Nine Months Ended September 30, 2006	Period from August 9, 2005 (Inception) to September 30, 2005	Period from August 9, 2005 (Inception) to September 30, 2006 (Cumulative)
Supplemental disclosures of cash flow information:			
Cash paid for -			
Interest	$ ---	$ ---	$ ---
Income taxes	$ ---	$ ---	$ ---

See accompanying notes to condensed consolidated financial statements.

SRKP 7, INC. AND SUBSIDIARY
(a development stage company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

December 31, 2005 and September 30, 2006

1. Organization and Basis of Presentation

On June 30, 2006, Lixte Biotechnology, Inc., a privately-held Delaware corporation ("Lixte"), completed a reverse merger transaction with SRKP 7, Inc. ("SRKP"), a public "shell" company, whereby Lixte became a wholly-owned subsidiary of SRKP. For financial reporting purposes, Lixte was considered the accounting acquirer in the merger and the merger was accounted for as a reverse merger. Accordingly, the historical financial statements presented herein are those of Lixte and do not include the historical financial results of SRKP. The stockholders' equity section of SRKP has been retroactively restated for all periods presented to reflect the accounting effect of the reverse merger transaction. All costs associated with the reverse merger transaction were expensed as incurred. Comparative financial statements for the interim periods ended September 30, 2005 reflect the results of operations of Lixte for the period August 9, 2005 (inception) to September 30, 2005 as Lixte, the accounting acquirer in the reverse merger transaction, was not formed until August 9, 2005. As such, the operations of the Company during these periods, was nominal. Unless the context indicates otherwise, SRKP and Lixte are hereinafter referred to as the "Company". On August 28, 2006, the Company advised its stockholders that the Board of Directors and majority stockholder had approved an amendment to the Company's Certificate of Incorporation that will change the name of the corporation to Lixte Biotechnology Holdings, Inc.

The interim condensed consolidated financial statements are unaudited, but in the opinion of management of the Company, contain all adjustments, which include normal recurring adjustments, necessary to present fairly the financial position at September 30, 2006, and the results of operations and cash flows for the three months and nine months ended September 30, 2006, and for the period from August 9, 2005 (inception) to September 30, 2006 (cumulative). The consolidated balance sheet as of December 31, 2005 is derived from the Company's audited financial statements. Operating results for the interim periods presented are not necessarily indicative of the results of operations to be expected for a full fiscal year.

The interim financial statements and related notes have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") with respect to interim financial statements. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations, although management of the Company believes that the disclosures in these financial statements are adequate to make the information presented therein not misleading. These financial statements should be read in conjunction with the audited financial statements that were included in the Company's Current Report on Form 8-K, as filed with the SEC on July 7, 2006.

2. Business Operations and Summary of Significant Accounting Policies

Nature of Operations

Lixte was incorporated in Delaware on August 9, 2005 to capitalize on opportunities to develop low cost, specific and sensitive tests for the early detection of cancers to better estimate prognosis, to monitor treatment response, and to reveal targets for development of more effective treatments.

The Company's initial focus is on developing new treatments for the most common and most aggressive type of primary brain cancer, glioblastoma multiforme ("GBM"). Lixte entered into a Cooperative Research and Development Agreement ("CRADA") with the National Institute of Neurological Diseases and Stroke ("NINDS") of the National Institutes of Health ("NIH") to identify and evaluate drugs that target a specific biochemical pathway for GBM cell differentiation. The CRADA also covers research to determine whether expression of a component of this pathway correlates with prognosis in glioma patients.

The Company expects that its products will derive directly from its intellectual property, which will consist of patents that it anticipates will arise out of its research activities. These patents are expected to cover biomarkers uniquely associated with the specific types of cancer, patents on methods to identify drugs that inhibit growth of specific tumor types, and combinations of drugs and potential drugs and potential therapeutic agents for the treatment of specific cancers.

At September 30, 2006, the Company was considered a "development stage company" as defined in Statement of Financial Accounting Standards No. 7, "Accounting and Reporting by Development Stage Enterprises", as it had not yet commenced any revenue-generating operations, did not have any cash flows from operations, and was dependent on debt and equity funding to finance its operations. The Company has selected December 31 as its fiscal year-end.

Going Concern

At September 30, 2006, the Company had not yet commenced any revenue-generating operations. All activity through September 30, 2006 related to the Company's formation, capital raising efforts and initial research and development activities. As such, the Company has yet to generate any cash flows from operations, and is essentially dependent on debt and equity funding from both related and unrelated parties to finance its operations. Prior to June 30 2006, cash requirements were funded by advances from Lixte's founder. On June 30, 2006, the Company completed an initial closing of its private placement (see Note 3), selling 1,973,869 shares of common stock at a price of $0.333 per share and receiving net proceeds of $522,939. On July 27, 2006, the Company completed a second closing of its private placement, selling 1,581,351 shares of common stock at a price of $0.333 per share and receiving net proceeds of $427,925.

Because the Company is currently engaged in research at a very early stage, it will likely take a significant amount of time to develop any product or intellectual property capable of generating revenues. As such, the Company's business is unlikely to generate any revenue in the next several years and may never do so. Even if the Company is able to generate revenues in the future through licensing its technologies or through product sales, there can be no assurance that such revenues will exceed its expenses.

Based on the proceeds received from the private placement (see Note 3), the Company may not have sufficient resources to completely fund its planned operations for the next twelve months. The Company does not have sufficient resources to fully develop and commercialize any products that may arise from its research. Accordingly, the Company will need to raise additional funds in order to satisfy its future working capital requirements. In the short-term, in addition to the net proceeds from the private placement, the Company estimates that it will approximately require additional funding of approximately $2,300,000. Additionally, the amount and timing of future cash requirements will depend on market acceptance of the Company's products, if any, and the resources that the Company devotes to developing and supporting its products. The Company will need to fund these cash requirements from either one or a combination of additional financings, mergers or acquisitions, or via the sale or license of certain of its assets.

Current market conditions present uncertainty as to the Company's ability to secure additional funds, as well as its ability to reach profitability. There can be no assurances that the Company will be able to secure additional financing, or obtain favorable terms on such financing if it is available, or as to its ability to achieve positive cash flow from operations. Continued negative cash flows and lack of liquidity create significant uncertainty about the Company's ability to fully implement its operating plan and the Company may have to reduce the scope of its planned operations. If cash and cash equivalents are insufficient to satisfy the Company's liquidity requirements, the Company would be required to scale back or discontinue its product development program, or obtain funds if available through strategic alliances that may require the Company to relinquish rights to certain of its technologies or discontinue its operations.

Principles of Consolidation

The accompanying consolidated financial statements include the financial statements of SRKP and its wholly-owned subsidiary, Lixte. All intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents and Concentrations

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At times, such cash and cash equivalents may exceed federally insured limits. The Company has not experienced a loss in such accounts to date. The Company maintains its accounts with financial institutions with high credit ratings.

Income Taxes

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, “Accounting for Income Taxes”, which requires the recognition of deferred tax assets and liabilities for the expected impact of differences between the financial statements and the tax basis of assets and liabilities.

For federal income tax purposes, substantially all expenses must be deferred until the Company commences business operations and then they may be written off over a 60-month period. These expenses will not be deducted for tax purposes and will represent a deferred tax asset. The Company will provide a valuation allowance for the full amount of the deferred tax asset since there is no assurance of future taxable income. Tax deductible losses can be carried forward for 20 years until utilized.

Stock- Based Compensation

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R"), a revision to SFAS No. 123, "Accounting for Stock-Based Compensation". SFAS No. 123R superseded APB No. 25 and amended SFAS No. 95, "Statement of Cash Flows". Effective January 1, 2006, SFAS No. 123R requires that the Company measure the cost of employee services received in exchange for equity awards based on the grant date fair value of the awards, with the cost to be recognized as compensation expense in the Company’s financial statements over the vesting period of the awards.

The Company adopted SFAS No. 123R effective January 1, 2006, and is using the modified prospective method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of SFAS No. 123R for all share-based payments granted after the effective date and (b) based on the requirements of SFAS No. 123R for all awards granted to employees prior to the effective date of SFAS No. 123R that remain unvested on the effective date.

Accordingly, the Company recognizes compensation cost for equity-based compensation for all new or modified grants issued after December 31, 2005. The Company did not have any modified grants during the three months and nine months ended September 30, 2006.

In addition, commencing January 1, 2006, the Company is required to recognize the unvested portion of the grant date fair value of awards issued prior to the adoption of SFAS No. 123R based on the fair values previously calculated for disclosure purposes over the remaining vesting period of the outstanding stock options and warrants. The Company did not have any unvested outstanding stock options and warrants at December 31, 2005.

Pro forma information regarding net income (loss) per share is required by SFAS No. 123 as if the Company had accounted for its employee stock options and warrants under the fair value method of such statement. However, during the period from August 9 (Inception) to September 30, 2005, Lixte had no stock options or warrants outstanding. Accordingly, no pro forma financial disclosure has been presented for the period from August 9 (Inception) to September 30, 2005.

Information with respect to stock options and warrants issued during 2006 is presented at Note 3. A summary of stock option and warrant activity for the nine months ended September 30, 2006 is shown below.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Options and warrants outstanding at December 31, 2005	---	$---	---
Granted	916,626	0.333	5.00
Exercised	---	---	---
Cancelled	---	---	---
Options and warrants outstanding at September 30, 2006	916,626	$ 0.333	4.77
Options and warrants exercisable at September 30, 2006	683,292	$ 0.333	4.77

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS No. 157"), which establishes a formal framework for measuring fair value under GAAP. SFAS No. 157 defines and codifies the many definitions of fair value included among various other authoritative literature, clarifies and, in some instances, expands on the guidance for implementing fair value measurements, and increases the level of disclosure required for fair value measurements. Although SFAS No. 157 applies to and amends the provisions of existing FASB and AICPA pronouncements, it does not, of itself, require any new fair value measurements, nor does it establish valuation standards. SFAS No. 157 applies to all other accounting pronouncements requiring or permitting fair value measurements, except for: SFAS No. 123R, share-based payment and related pronouncements, the practicability exceptions to fair value determinations allowed by various other authoritative pronouncements, and AICPA Statements of Position 97-2 and 98-9 that deal with software revenue recognition. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years.

Loss per Common Share

Loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the respective periods. Basic and diluted loss per common share are the same for all periods presented because all warrants and stock options outstanding are anti-dilutive. The 19,021,786 shares of common stock issued to the founder of Lixte in conjunction with the closing of the reverse merger transaction on June 30, 2006 have been presented as outstanding for all periods presented.

Research and Development

Research and development costs are expensed as incurred.

Amounts due, pursuant to contractual commitments, on research and development contracts with third parties are recorded as a liability, with the related amount of such contracts recorded as advances on research and development contract services on the Company's balance sheet. Such advances on research and development contract services are expensed over their life on the straight-line basis, unless the achievement of milestones, the completion of contracted work, or other information indicates that a different expensing schedule is more appropriate.

The funds paid to The U.S. Department of Health and Human Services (as represented by the National Institute of Neurological Disorders and Stroke, or the "ICD"), pursuant to the CRADA effective March 22, 2006, represent an advance on research and development costs and therefore have future economic benefit. As such, these costs are charged to expense when they are actually expended by the provider, which is, effectively, as they perform the research activities that they are contractually committed to provide. Absent information that would indicate that a different expensing schedule is more appropriate (such as, for example, from the achievement of performance milestones or the completion of contract work), such advances will be expensed over the contractual service term on a straight-line basis, which reflects a reasonable estimate of when the underlying research and development costs are being incurred. The Company's payments under the CRADA during May, June and July 2006 aggregating $200,000 are intended to fund ongoing research and development activities through March 2007.

Use of Estimates

The preparation of 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 at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Equipment

Equipment is recorded at cost. Depreciation expense is provided on a straight-line basis using estimated useful lives of 3 years. Maintenance and repairs are charged to expense as incurred. When assets are retired or otherwise disposed of, the property accounts are relieved of costs and accumulated depreciation and any resulting gain or loss is credited or charged to operations.

Reclassification

At September 30, 2006, the Company reclassified contractual commitments not yet due until 2007 of $200,000 against the related asset. Accordingly, the balance sheet at September 30, 2006 reflects only amounts committed and currently due and payable. Such reclassification did not have any effect on net stockholders' equity, results of operations or cash flows.

3. Share Exchange Agreement and Private Placement

Share Exchange Agreement

On June 30, 2006, pursuant to a Share Exchange Agreement dated as of June 8, 2006 (the “Share Exchange Agreement”) by and among SRKP, John S. Kovach (“Seller”) and Lixte, SRKP issued 19,021,786 shares of its common stock in exchange for all of the issued and outstanding shares of Lixte (the “Exchange”). Previously, on October 3, 2005, Lixte had issued 1,500 shares of its no par value common stock to its founder for $1,500, which constituted all of the issued and outstanding shares of Lixte prior to the Exchange. As a result of the Exchange, Lixte became a wholly-owned subsidiary of SRKP.

Pursuant to the Exchange, SRKP issued to the Seller 19,021,786 shares of its common stock. SRKP had a total of 25,000,832 shares of common stock issued and outstanding after giving effect to the Exchange and the 1,973,869 shares of common stock issued in the initial closing of the private placement.

As a result of the Exchange and the shares of common stock issued in the initial closing of the private placement, on June 30, 2006, the stockholders of the Company immediately prior to the Exchange owned 4,005,177 shares of common stock, equivalent to approximately 16% of the issued and outstanding shares of the Company’s common stock, and the Company is now controlled by the former sole stockholder of Lixte.

The Share Exchange Agreement was determined through arms-length negotiations between SRKP, the Seller and Lixte. In connection with the Exchange, the Company paid WestPark Capital, Inc. a cash fee of $50,000.

Private Placement

On June 30, 2006, concurrently with the closing of the Exchange, the Company sold an aggregate of 1,973,869 shares of its common stock to 26 accredited investors in an initial closing of its private placement at a per share price of $0.333, resulting in aggregate gross proceeds to the Company of $657,299. The Company paid to WestPark Capital, Inc., as placement agent, a commission of 10% and a non-accountable fee of 4% of the gross proceeds of the private placement and issued five-year warrants to purchase common stock equal to (a) 10% of the number of shares sold in the private placement exercisable at $0.333 per share and (b) an additional 2% of the number of shares sold in the private placement also exercisable at $0.333 per share. A total of 236,864 warrants were issued. Net cash proceeds to the Company, after the deduction of all private placement offering costs and expenses, were $522,939.

On July 27, 2006, the Company sold an aggregate of 1,581,351 shares of its common stock to 31 accredited investors in a second closing of the private placement at a per share price of $0.333 resulting in aggregate gross proceeds to the Company of $526,590. The Company paid to WestPark Capital, Inc., as placement agent, a commission of 10% and a non-accountable fee of 4% of the gross proceeds of the private placement and issued five-year warrants to purchase common stock equal to (a) 10% of the number of shares sold in the private placement exercisable at $0.333 per share and (b) an additional 2% of the number of shares sold in the private placement also exercisable at $0.333 per share. A total of 189,762 warrants were issued. Net cash proceeds to the Company were $427,925.

In conjunction with the private placement of common stock, the Company issued a total of 426,626 five-year warrants to WestPark Capital, Inc. exercisable at the per share price of the common stock sold in the private placement ($0.333 per share). The warrants issued to WestPark Capital, Inc. do not contain any price anti-dilution provisions. However, such warrants contain demand registration rights (but no financial penalty associated therewith) and cashless exercise provisions. The fair value of the warrants, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be $132,254 ($0.31 per share). Based on the foregoing, the warrants have been accounted for as equity.

The fair value of the aforementioned warrants was calculated using the following Black-Scholes input variables: stock price on date of grant - $0.333; exercise price - $0.333; expected life - 5 years; expected volatility - 150%; expected dividend yield - 0%; risk-free interest rate - 5%.

Stock Options

On June 30, 2006, effective with the closing of the Exchange, the Company granted to Dr. Philip Palmedo, an outside director of the Company, stock options to purchase an aggregate of 200,000 shares of common stock, exercisable for a period of five years at $0.333 per share, with one-third of the options (66,666 shares) vesting immediately upon joining the Board and one-third vesting annually on each of June 30, 2007 and 2008. The fair value of these options, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be $62,000 ($0.31 per share), of which $20,666 was charged to operations on June 30, 2006, and the remaining $41,334 will be charged to operations ratably from July 1, 2006 through June 30, 2008. During the three months and nine months ended September 30, 2006, the Company recorded a charge to operations of $5,167 and $25,833, respectively, with respect to these options.

On June 30, 2006, effective with the closing of the Exchange, the Company also granted to Dr. Palmedo additional stock options to purchase 190,000 shares of common stock exercisable for a period of five years at $0.333 per share for services rendered in developing the business plan for Lixte, all of which were fully vested upon issuance. The fair value of these options, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be $58,900 ($0.31 per share), and was charged to operations at June 30, 2006.

On June 30, 2006, effective with the closing of the Exchange, the Company granted to certain members of its Scientific Advisory Committee stock options to purchase an aggregate of 100,000 shares of common stock exercisable for a period of five years at $0.333 per share, with one-half of the options vesting annually on each of June 30, 2007 and June 30, 2008. The fair value of these options, as calculated pursuant to the Black-Scholes option-pricing model, was initially determined to be $31,000 ($0.31 per share). The fair value of such options will be charged to operations ratably from July 1, 2006 through June 30, 2008. In accordance with EITF 96-18, options granted to committee members are valued each reporting period to determine the amount to be recorded as an expense in the respective period. On September 30, 2006, the fair value of these options, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be $30,000 ($0.30 per share) which resulted in a charge to operations of $3,750 during three months and nine months ended September 30, 2006. As the options vest, they will be valued one final time on each vesting date and an adjustment will be recorded for the difference between the value already recorded and the then current value on the date of vesting.

On June 30, 2006, the fair value of the aforementioned stock options was initially calculated using the following Black-Scholes input variables: stock price on date of grant - $0.333; exercise price - $0.333; expected life - 5 years; expected volatility - 150%; expected dividend yield - 0%; risk-free interest rate - 5%. On September 30, 2006, the Black-Scholes input variables utilized to determine the fair value of the aforementioned stock options were deemed to be the same as at June 30, 2006, except for an expected life of 4.75 years.

4. Related Party Transactions

Since inception, Lixte's founding stockholder has periodically made advances to the Company to meet operating expenses. Such advances are non-interest-bearing and are due on demand. At December 31, 2005 and September 30, 2006, stockholder advances totaled $5,946 and $92,717, respectively.

Through September 30, 2006, the Company's office facilities have been provided without charge by the Company's President. Such costs were not material to the financial statements and accordingly, have not been reflected therein.

Through September 30, 2006, the Company's President did not receive any compensation from the Company in view of the Company's early stage status and limited activities. Any future compensation arrangements will be subject to the approval of the Board of Directors.

The President of the Company is involved in other business activities and may, in the future, become involved in other business opportunities that become available. Accordingly, such person may face a conflict in selecting between the Company and his other business interests. The Company has not formulated a policy for the resolution of such potential conflicts.

5. Common Stock and Preferred Stock

The Company's Certificate of Incorporation provides for authorized capital of 110,000,000 shares, of which 100,000,000 shares are $0.0001 par value common stock and 10,000,000 shares are $0.0001 par value preferred stock

The Company is authorized to issue 10,000,000 shares of $0.0001 par value preferred stock with such designations, voting and other rights and preferences, as may be determined from time to time by the Board of Directors.

6. **Commitments and Contingencies**

Effective March 22, 2006, Lixte entered into a Cooperative Research and Development Agreement (the "CRADA") with the U.S. Department of Health and Human Services, as represented by National Institute of Neurological Disorders and Stroke ("NINDS") of the National Institutes of Health. The CRADA is for a term of two years from the effective date and may be unilaterally terminated by either party by providing written notice within sixty days. Pursuant to the CRADA, Lixte agreed to provide total payments of $400,000 over the term of the CRADA. The CRADA provides for the collaboration between the parties in the identification and evaluation of agents that target the Nuclear Receptor CoRepressor (N-CoR) pathway for glioma cell differentiation. The CRADA also provided that NINDS and Lixte will conduct research to determine if expression of N-CoR correlates with prognosis in glioma patients.

Pursuant to the CRADA, Lixte agreed to provide funds under the CRADA in the amount of $200,000 per year to fund two technical assistants for the technical, statistical and administrative support for the research activities, as well as to pay for supplies and travel expenses. The first installment of $200,000 was due within 180 days of the effective date and was paid in full on July 6, 2006. The second installment of $200,000 is due within thirty days of the first anniversary of the effective date.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 24. Indemnification of Directors and Officers.

Under Section 145 of the General Corporation Law of the State of Delaware, we can indemnify our directors and officers against liabilities they may incur in such capacities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Our Certificate of Incorporation and Bylaws provide for indemnification. The provisions in our certificate of incorporation, bylaws and the Delaware statute do not eliminate the duty of care, and in appropriate circumstances equitable remedies such as injunctive or other forms of nonmonetary relief will remain available under Delaware law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to us or our stockholders, for acts or omissions not in good faith or involving intentional misconduct or knowing violations of the law, for actions leading to improper personal benefit to the director, and for payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law. The provisions also do not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws.

We have been advised that in the opinion of the Securities and Exchange Commission, insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by our director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

We may enter into indemnification agreements with each of our present or future directors and officers that are, in some cases, broader than the specific indemnification provisions permitted by Delaware law, and that may provide additional procedural protection. The indemnification agreements may require us, among other things, to:

- indemnify officers and directors against certain liabilities that may arise because of their status as officers or directors;
- advance expenses, as incurred, to officers and directors in connection with a legal proceeding, subject to limited exceptions; or
- obtain directors' and officers' insurance.

At present, there is no pending litigation or proceeding involving our director/officer or involving any of our employees in which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

Item 25. Other Expenses of Issuance and Distribution.

SEC registration fee	$	216
Accounting fees and expenses	$	20,000
Printing and engraving expenses	$	1,000
Legal fees and expenses	$	35,000
Miscellaneous	$	1,000
Total	$	57,216

All amounts in the above table are estimated. None of the expenses will be paid by selling stockholders.

Item 26. Recent Sales of Unregistered Securities.

On May 26, 2005, we sold 2,700,000 shares of common stock to five accredited investors (two of whom were officers and directors) for aggregate cost consideration of $25,000. Such shares were issued after we issued a stock dividend of 11% to stockholders of record on May 8, 2006. The securities were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended. The issuees also represented that they were acquiring the securities for their own account and a legend was placed on the stock certificates.

On June 30, 2006, we issued 19,021,786 shares of common stock in connection with the acquisition of Lixte Biotechnology, Inc., and sold an aggregate of 1,973,871 shares of common stock to 26 accredited investors in a private placement at a per share price of $0.333. On July 27, 2006, we sold an aggregate of 1,581,351 shares of common stock to 57 accredited investors in a private placement at a per share price of $0.333. We paid to WestPark Capital, Inc., as placement agent, a commission of 10% and a non-accountable fee of 4% of the gross proceeds and issued five year warrants to purchase 426,626 shares of common stock in connection with the private placements. All of the issuees were accredited investors and the securities were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Regulation D promulgated thereunder. The issuees also represented that they were acquiring the securities for their own account and a legend was placed on the stock certificates.

Item 27. Exhibits.

Exhibit No.	Exhibit Description
2.1	Share Exchange Agreement dated as of June 8, 2006 among the Company, John S. Kovach and Lixte Biotechnology, Inc.[1]
2.2	Securities Purchase Agreement[3]
2.3	Registration Rights Agreement[3]
3.1	Certificate of Incorporation, as filed with the Delaware Secretary of State on May 24, 2005.[2]
3.2	Certificate of Amendment of Certificate of Incorporation
3.2	Bylaws[2]
5.1	Opinion of Troy & Gould*
10.1	Cooperative Research and Development Agreement (CRADA) between the U.S. Department of Health and Human Services, as represented by National Institute of Neurological Disorders and Stroke of the National Institutes of Health and Lixte Inc, as amended.
10.2	Services Agreement between Lixte and the Free State of Bavaria represented by the University of Regensburg dated as of January 5, 2007[4]
23.1	Consent of Troy & Gould; contained in Opinion filed as Exhibit 5.1*
23.2	Consent of A.J. Robbins, P.C.
24.1	Power of Attorney contained on signature page hereto**

1 Filed as an Exhibit to the Company's Current Report on Form 8-K as filed with the Securities and Exchange Commission on July 7, 2006, and incorporated herein by reference.

2 Filed as an Exhibit to the Company's Registration Statement on Form 10-SB, as filed with the Securities and Exchange Commission on August 3, 2005 and incorporated herein by reference.

3 Filed as an Exhibit to the Company's Registration Statement on Form SB-2 as filed with the Securities and Exchange Commission on September 8, 2006 and incorporated herein by reference.

4 Filed as an Exhibit to the Company's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 11, 2007 and incorporated herein by reference.

* To be filed by amendment.

** Previously filed.

Item 28. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(d) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon

Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(e) That, for the purpose of determining liability under the Securities Act to any purchaser:

(1) If the undersigned issuer is relying on Rule 430B:

(i) Each prospectus filed by the undersigned pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

(2) Each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, we certify that we have reasonable grounds to believe that we meet all of the requirements for filing this Amendment No. 2 to Form SB-2 and have authorized this registration statement to be signed on our behalf by the undersigned, thereunto duly authorized, in East Setauket, State of New York on January 22, 2007.

LIXTE BIOTECHNOLOGY HOLDINGS, INC.

By: /s/ John S. Kovach

Name: John S. Kovach
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 2 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ John S. Kovach **John S. Kovach**	Chief Executive Officer, Principal Financial Officer, Principal Accounting Officer and Director	January 22, 2007
* **Philip F. Palmedo**	Director	January 22, 2007

*By: /s/ John S. Kovach
John S. Kovach
Attorney-in-Fact

Exhibit 3.2

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION OF

SRKP 7, INC.

(Under Section 242 of the General Corporation
Law of the State of Delaware)

SRKP 7, Inc., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

A. The name of the corporation is SRKP 7, Inc. The original Certificate of Incorporation of the corporation was filed with the Delaware Secretary of State on February 23, 2004.

B. This Certificate of Amendment was duly adopted by the corporation's directors and stockholders in accordance with the applicable provisions of Sections 228 and 242 of the Delaware General Corporation Law.

C. The Certificate of Incorporation, as heretofore amended, is hereby further amended by changing ARTICLE I so that, as amended, it shall be and read as follows:

"The name of the Corporation is "LIXTE BIOTECHNOLOGY HOLDINGS, INC."

IN WITNESS WHEREOF, the corporation has caused this Certificate to be signed by John S. Kovach its Chief Executive Officer, this 7th day of December, 2006.

SRKP 7, Inc.

/s/ John S. Kovach

Name: John S. Kovach
Title: Chief Executive Officer

Exhibit 10.1

PUBLIC HEALTH SERVICE

COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT

This Agreement is based on the model Cooperative Research and Development Agreement ("CRADA ") adopted by the U.S. Public Health Service ("PHS") Technology Transfer Policy Board for use by components of the National Institutes of Health ("NIH"), the Centers for Disease Control and Prevention ("CDC"), and the Food and Drug Administration ("FDA "), which are agencies of the PHS within the Department of Health and Human Services ("HHS").

This Cover Page identifies the Parties to this CRADA:

The U.S. Department of Health and Human Services, as represented by
National Institute of Neurological Disorders and Stroke
an Institute, Center, or Division (hereinafter referred to as the "**ICD**") of the
the National Institutes of Health

and

Lixte, Inc.
hereinafter referred to as the "**Collaborator**",
having offices at 6 Tinker Lane, East Setatuket, New York 11733
created and operating under the laws of Delaware.

COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT

Article 1. Introduction

This CRADA between ICD and Collaborator will be effective when signed by the Parties, which are identified on both the Cover Page and the Signature Page (page 16). The official contacts for the Parties are identified on the Contacts Information Page (page 17). Publicly available information regarding this CRADA appears on the Summary Page (page 18). The research and development activities that will be undertaken by ICD and Collaborator in the course of this CRADA are detailed in the Research Plan, attached as Appendix A. The staffing, funding, and materials contributions of the Parties are set forth in Appendix B. Any changes to the model CRADA are set forth in Appendix C.

Article 2. Definitions

The terms listed in this Article will carry the meanings indicated throughout the CRADA. To the extent a definition of a term as provided in this Article is inconsistent with a corresponding definition in the applicable sections of either the United States Code (U.S.C.) or the Code of Federal Regulations (C.F.R.), the definition in the U.S.C. or C.F.R. will control.

2.1 "**Affiliate**" means any corporation or other business entity controlled by, controlling, or under common control with Collaborator at any time during the term of the CRADA. For this purpose, "control" means direct or indirect beneficial ownership of at least fifty percent (50%) of the voting stock or at least fifty percent (50%) interest in the income of the corporation or other business entity.

2.2 "**Background Invention**" means an Invention conceived and first actually reduced to practice before the Effective Date.

2.3 "**Collaborator Materials**" means all tangible materials not first produced in the performance of this CRADA that are owned or controlled by Collaborator and used in the performance of the Research Plan.

2.4 "**Confidential Information**" means confidential scientific, business, or financial information provided that the information does not include:

(a) information that is publicly known or that is available from public sources;

(b) information that has been made available by its owner to others without a confidentiality obligation;

(c) information that is already known by the receiving Party, or information that is independently created or compiled by the receiving Party without reference to or use of the provided information; or

(d) information that relates to potential hazards or cautionary warnings associated with the production, handling, or use of the subject matter of the Research Plan.

2.5 "**Cooperative Research and Development Agreement**" or "**CRADA**" means this Agreement, entered into pursuant to the Federal Technology Transfer Act of I 986. as amended (§ 15 U.S.C. §§ 3710a *et seq*.), and Executive Order 12591 of April 10, 1987.

2.6 "**CRADA Data**" means all recorded information first produced in the performance of the Research Plan.

2.7 "**CRADA Materials**" means all tangible materials first produced in the performance of the Research Plan other than CRADA Data.

2.8 "**CRADA Subject Invention**" means any Invention of either or both Parties, conceived or first actually reduced to practice in the performance of the Research Plan.

2.9 "**Effective Date**" means the date of the last signature of the Parties executing this Agreement.

2.10 "**Government**" means the Government of the United States of America.

2.11 "**ICD Materials**" means all tangible materials not first produced in the performance of this CRADA that are owned or controlled by ICD and used in the performance of the Research Plan.

2.12 "**Invention**" means any invention or discovery that is or may be patentable or otherwise protected under Title 35 of the United States Code, or any novel variety of plant which is or may be protectable under the Plant Variety Protection Act, 7 U.S.C. §§ 2321 *et seq*.

2.13 "**Patent Application**" means an application for patent protection for a CRADA Subject Invention with the United States Patent and Trademark Office ("U.S.P.T.O.") or the corresponding patent-issuing authority of another nation.

2.14 "**Patent**" means any issued United States patent, any international counterpart(s), and any corresponding grant(s) by a non-U.S. government in place of a patent.

2.15 "**Principal Investigator(s)**" or "**PI(s)**" means the person(s) designated by the Parties who will be responsible for the scientific and technical conduct of the Research Plan. .

2.16 "**Research Plan**" means the statement in Appendix A of the respective research and development commitments of the Parties.

Article 3. Cooperative Research and Development

3.1 **Performance of Research and Development**. The research and development activities to be carried out under this CRADA will be performed solely by the Parties identified on the Cover Page unless specifically stated elsewhere in this Agreement. The PIs will be responsible for the scientific and technical conduct of this project on behalf of their employers. Any Collaborator employees who will work at ICD facilities will be required to sign a Guest Researcher or Special Volunteer Agreement appropriately modified in view of the terms of this CRADA.

3.2 **Research Plan**. The Parties recognize that the Research Plan describes the collaborative research and development activities they will undertake and that interim research goals set forth in the Research Plan are good faith guidelines. Should events occur that require modification of these goals, then by mutual agreement the Parties can modify them through an amendment, according to Paragraph 13.6.

3.3 **Use and Disposition of Collaborator Materials and ICD Materials**. The Parties agree to use Collaborator Materials and ICD Materials only in accordance with the Research Plan, not to transfer these materials to third parties except in accordance with the Research Plan or as approved by the owning or providing Party, and, upon expiration or termination of the CRADA, to dispose of these materials as directed by the owning or providing Party.

3.4 **Third-Party Rights in Collaborator's CRADA Subject Inventions**. If Collaborator has received (or will receive) support of any kind from a third party in exchange for rights in any of Collaborator's CRADA Subject Inventions, Collaborator agrees to ensure that its obligations to the third party are both consistent with Articles 6 through 8 and subordinate to Article 7 of this CRADA.

3.5 **Disclosures to ICD**. Prior to execution of this CRADA, Collaborator agrees to disclose to ICD all instances in which outstanding royalties are due under a PHS license agreement, and in which Collaborator had a PHS license terminated in accordance with 37 C.F .R. § 404.10. These disclosures will be treated as Confidential Information upon request by Collaborator in accordance with Paragraphs 2.4, 8.3, and 8.4.

Article 4. Reports

4.1 **Interim Research and Development Reports**. The PIs should exchange information regularly, in writing. This exchange may be accomplished through meeting minutes, annual reports, detailed correspondence, and circulation of draft manuscripts.

4.2 **Final Research and Development Reports**. The Parties will exchange final reports of their results within four (4) months after the expiration or termination of this CRADA. These reports will set forth the technical progress made; any publications arising from the research; and the existence of invention disclosures of potential CRADA Subject Inventions and/or any corresponding Patent Applications.

4.3 **Fiscal Reports**. If Collaborator has agreed to provide funding to ICD under this CRADA and upon the request of Collaborator, then concurrent with the exchange of final research and development reports according to Paragraph 4.2, ICD will submit to Collaborator a statement of all costs incurred by ICD for the CRADA. If the CRADA has been terminated, ICD will specify any costs incurred before the date of termination for which ICD has not received funds from Collaborator, as well as for all reasonable termination costs including the cost of returning Collaborator property or removal of abandoned Collaborator property, for which Collaborator will be responsible.

Article 5. Staffing, Financial, and Materials Obligations

5.1 **ICD and Collaborator Contributions**. The contributions of any staff, funds, materials, and equipment by the Parties are set forth in Appendix B. The Federal Technology Transfer Act of 1986, l5 U.S.C. § 37l0a(d)(1) prohibits ICD from providing funds to Collaborator for any research and development activities under this CRADA.

5.2 **ICD Staffing**. No ICD employees will devote 100% of their effort or time to the research and development activities under this CRADA. ICD will not use funds provided by Collaborator under this CRADA for ICD personnel to pay the salary of, any permanent ICD employee. Although personnel hired by ICD using CRADA funds will focus principally on CRADA research and development activities, Collaborator acknowledges that these personnel may nonetheless make contributions to other research and development activities, and the activities will be outside the scope of this CRADA.

5.3 **Collaborator Funding**. Collaborator acknowledges that Government funds received by Collaborator from an agency of the Department of Health and Human Services may not be used to fund ICD under this CRADA. If Collaborator has agreed to provide funds to ICD then the payment schedule appears in Appendix B and Collaborator will make payments according to that schedule. If Collaborator fails to make any scheduled payment, ICD will not be obligated to perform any of the research and development activities specified herein or to take any other action required by this CRADA until the funds are received. ICD will use these funds exclusively for the purposes of this CRADA. Each Party will maintain separate and distinct current accounts, records, and other evidence supporting its financial obligations under this CRADA and, upon written request, will provide the other Party a Fiscal Report according to Paragraph 4.3, which delineates all payments made and all obligated expenses, along with the Final Research Report described in Paragraph 4.2.

5.4 **Capital Equipment**. Collaborator's commitment, if any, to provide ICD with capital equipment to enable the research and development activities under the Research Plan appears in Appendix B. If Collaborator transfers to ICD the capital equipment or provides funds for ICD to purchase it, then ICD will own the equipment. If Collaborator loans capital equipment to ICD for use during the CRADA, Collaborator will be responsible for paying all costs and fees associated with the transport, installation, maintenance, repair, removal, or disposal of the equipment, and ICD will not be liable for any damage to the equipment.

Article 6. Intellectual Property

6.1 **Ownership of CRADA Subject Inventions, CRADA Data, and CRADA Materials**. Subject to the Government license described in Paragraph 7.5, the sharing requirements of Paragraph 8.1, and the regulatory filing requirements of Paragraph 8.2, the producing Party will retain sole ownership of and title to all CRADA Subject Inventions, all copies of CRADA Data, and all CRADA Materials produced solely by its employee(s). The Parties will own jointly all CRADA Subject Inventions invented jointly and all copies of CRADA Data and all CRADA Materials developed jointly.

6.2 **Reporting**. The Parties will promptly report to each other in writing each CRADA Subject Invention reported by their respective personnel, and any Patent Applications filed thereon, resulting from the research and development activities conducted under this CRADA. Each Party will report all CRADA Subject Inventions to the other Party in sufficient detail to determine inventorship, which will be determined in accordance with U.S. patent law. These reports will be treated as Confidential Information in accordance with Article 8. Formal reports will be made by and to the Patenting and Licensing Offices identified on the Contacts Information Page herein.

6.3 **Filing of Patent Applications**. Each Party will make timely decisions regarding the filing of Patent Applications on the CRADA Subject Inventions made solely by its employee(s), and will notify the other Party in advance of filing. Collaborator will have the first opportunity to file a Patent Application on joint CRADA Subject Inventions and will notify PHS of its decision within sixty (60) days of an Invention being reported or at least thirty (30) days before any patent filing deadline, whichever occurs sooner. If Collaborator fails to notify PHS of its decision within that time period or notifies PHS of its decision not to file a Patent Application, then PHS has the right to file a Patent Application on the joint CRADA Subject Invention. Neither Party will be obligated to file a Patent Application. Collaborator will place the following statement in any Patent Application it files on a CRADA Subject Invention: "This invention was created in the performance of a Cooperative Research and Development Agreement with the National Institutes of Health, an Agency of the Department of Health and Human Services. The Government of the United States has certain rights in this invention." If either Party files a Patent Application on a joint CRADA Subject Invention, then the filing Party will include a statement within the Patent Application that clearly identifies the Parties and states that the joint CRADA Subject Invention was made under this CRADA.

6.4 **Patent Expenses**. Unless agreed otherwise, the Party filing a Patent Application will pay all preparation and filing expenses, prosecution fees, issuance fees, post issuance fees, patent maintenance fees, annuities, interference expenses, and attorneys' fees for that Patent Application and any resulting Patent(s). If a license to any CRADA Subject Invention is granted to Collaborator, then Collaborator will be responsible for all expenses and fees, past and future, in connection with the preparation, filing, prosecution, and maintenance of any Patent Applications and Patents claiming exclusively-licensed CRADA Subject Inventions and will be responsible for a pro-rated share, divided equally among all licensees, of those expenses and fees for non-exclusively licensed CRADA Subject Inventions. Collaborator may waive its exclusive option rights at any time, and incur no subsequent financial obligation for those Patent Application(s) or Patent(s)

6.5 **Prosecution of Patent Applications**. The Party filing a Patent Application will provide the non-filing Party with a copy of any official communication relating to prosecution of the Patent Application within thirty (30) days of transmission of the communication. Each Party will also provide the other Party with the power to inspect and make copies of all documents retained in the applicable Patent Application or Patent file. The Parties agree to consult with each other regarding the prosecution of Patent Applications directed to joint CRADA Subject Inventions. If Collaborator elects to file and prosecute Patent Applications on joint CRADA Subject Inventions, then Collaborator agrees to use the U.S.P.T.O. Customer Number Practice and/or grant PHS a power(s) of attorney (or equivalent) necessary to assure PHS access to its intellectual property rights in these Patent Applications. PHS and Collaborator will cooperate with each other to obtain necessary signatures on Patent Applications, assignments, or other documents.

Article 7. Licensing

7.1 **Background Inventions**. Other than as specifically stated in this Article 7, nothing in this CRADA will be construed to grant any rights in one Party's Background Invention(s) to the other Party, except to the extent necessary for the Parties to conduct the research and development activities described in the Research Plan.

7.2 **Collaborator's License Option to CRADA Subject Inventions**. With respect to Government rights to any CRADA Subject Invention made solely by an ICD employee(s) or made jointly by an ICD employee(s) and a Collaborator employee(s) for which a Patent Application was filed, PHS hereby grants to Collaborator an exclusive option to elect an exclusive or nonexclusive commercialization license. The license will be substantially in the form of the appropriate model PHS license agreement and will fairly reflect the nature of the CRADA Subject Invention, the relative contributions of the Parties to the CRADA Subject Invention and the CRADA, a plan for the development and marketing of the CRADA Subject Invention, the risks incurred by Collaborator, and the costs of subsequent research and development needed to bring the CRADA Subject Invention to the marketplace. The field of use of the license will not exceed the scope of the Research Plan.

7.3 **Exercise of Collaborator's License Option**. To exercise the option of Paragraph 7.2 Collaborator must submit a written notice to the PHS Patenting and Licensing Contact identified on the Contacts Information Page (and provide a copy to the ICD Contact for CRADA Notices) within three (3) months after either (i) Collaborator receives written notice from PHS that the Patent Application has been filed or (ii) the date on which Collaborator files the Patent Application. The written notice exercising this option will include a completed "Application for License to Public Health Service Inventions" and will initiate a negotiation period that expires nine (9) months after the exercise of the option. If PHS has not responded in writing to the last proposal by Collaborator within this nine (9) month period, the negotiation period will be extended to expire one (1) month after PHS so responds, during which month Collaborator may accept in writing the final license proposal of PHS. In the absence of Collaborator's exercise of the option, or upon election of a nonexclusive license, PHS will be free to license the CRADA Subject Invention to others. These time periods may be extended at the sole discretion of PHS upon good cause shown in writing by Collaborator.

7.4 **Government License in ICD Sole CRADA Subject Inventions and Joint CRADA Subject Inventions**. Pursuant to 15 U.S.C. § 3710a(b)(1)(A), for CRADA Subject Inventions owned solely by ICD or jointly by ICD and Collaborator, and licensed pursuant to the option of Paragraph 7.2, Collaborator grants to the Government a nonexclusive, nontransferable, irrevocable, paid-up license to practice the CRADA Subject Invention or have the CRADA Subject Invention practiced throughout the world by or on behalf of the Government. In the exercise of this license, the Government will not publicly disclose trade secrets or commercial or financial information that is privileged or confidential within the meaning of 5 U.S.C. § 552(b)(4) or which would be considered privileged or confidential if it had been obtained from a non-federal party.

7.5 **Government License in Collaborator Sole CRADA Subject Inventions**. Pursuant to 15 U.S.C. § 3710a(b)(2), for CRADA Subject Inventions made solely by an employee of Collaborator, Collaborator grants to the Government a nonexclusive, nontransferable, irrevocable, paid-up license to practice the CRADA Subject Invention or have the CRADA Subject Invention practiced throughout the world by or on behalf of the Government for research or other Government purposes.

7.6 **Third Party License**. Pursuant to 15 U.S.C. § 3710a(b)(1)(B), if PHS grants an exclusive license to a CRADA Subject Invention made solely by an ICD employee or jointly with a Collaborator employee, the Government will retain the right to require Collaborator to grant to a responsible applicant a nonexclusive, partially exclusive, or exclusive sublicense to use the CRADA Subject Invention in Collaborator's licensed field of use on terms that are reasonable under the circumstances; or, if Collaborator fails to grant a license, to grant the license itself. The exercise of these rights by the Government will only be in exceptional circumstances and only if the Government determines (i) the action is necessary to meet health or safety needs that are not reasonably satisfied by Collaborator, (ii) the action is necessary to meet requirements for public use specified by federal regulations, and such requirements are not reasonably satisfied by Collaborator; or (iii) Collaborator has failed to comply with an agreement containing provisions described in 15 U.S.C. § 3710a(c)(4)(B). The determination made by the Government under this Paragraph is subject to administrative appeal and judicial review under 35 U.S.C. § 203(2).

7.7 **Third-Party Rights In ICD Sole CRADA Subject Inventions**. For a CRADA Subject Invention conceived prior to the Effective Date solely by an ICD employee that is first actually reduced to practice after the Effective Date in the performance of the Research Plan, the option offered to Collaborator in Paragraph 7.2 may be restricted if, before the Effective Date, PHS had filed a Patent Application and has either offered or granted a license or has executed a license in the CRADA Subject Invention to a third party. Collaborator nonetheless retains the right to apply for a license to any such CRADA Subject Invention in accordance with the terms and procedures of 35 U.S.C. § 209 and 37 C.F.R. Part 404.

7.8 **Joint CRADA Subject Inventions Not Exclusively Licensed by Collaborator**. If Collaborator does not acquire an exclusive commercialization license in a joint CRADA Subject Invention in all fields of use then, for those fields of use not exclusively licensed to Collaborator, each Party will have the right to use the joint CRADA Subject Invention and to license its use to others, and each Party will cooperate with the other, as necessary, to fulfill international licensing requirements. The Parties may agree to a joint licensing approach for any remaining fields of use.

Article 8. Rights of Access and Publication

8.1 **Right of Access to CRADA Data and CRADA Materials**. ICD and Collaborator agree to exchange all CRADA Data and to share all CRADA Materials. If the CRADA is terminated, both Parties agree to provide CRADA Materials in quantities needed to complete the Research Plan. Such provision will occur before the termination date of the CRADA or sooner, if required by the Research Plan.

8.2 **Use of CRADA Data and CRADA Materials**. The Parties will be free to utilize CRADA Data and CRADA Materials internally for their own purposes, consistent with their obligations under this CRADA. The Parties may share CRADA Data or CRADA Materials with their Affiliates, agents or contractors provided the obligations of this Article 8.2 are simultaneously conveyed.

(a) CRADA Data.

Collaborator and ICD will use reasonable efforts to keep CRADA Data confidential until published or until corresponding Patent Applications are filed. To the extent permitted by law, each Party will have the right to use any and all CRADA Data in and for any regulatory filing by or on behalf of the Party.

(b) CRADA Materials.

Collaborator and ICD will use reasonable efforts to keep descriptions of CRADA Materials confidential until published or until corresponding Patent Applications are filed. Collaborator acknowledges that the basic research mission of PHS includes sharing with third parties for further research those research resources made in whole or in part with NIH funding. Consistent with this mission and the tenets articulated in “Sharing of Biomedical Research Resources: Principles and Guidelines for Recipients of NIH Research Grants and Contracts”, December 1999, available at http://ott.od.nih.gov/NewPages/RTguide_final.html, following publication either Party may make available to third parties for further research those CRADA Materials made jointly by both PHS and Collaborator. Notwithstanding the above, if those joint CRADA Materials are the subject of a pending Patent Application or a Patent, the Parties may agree to restrict distribution or freely distribute them. Either Party may distribute those CRADA Materials made solely by the other Party only upon written consent from that other Party or that other Party’s designee.

8.3 **Confidential Information**. Each Party agrees to limit its disclosure of Confidential Information to the amount necessary to carry out the Research Plan, and will place a confidentiality notice on all such information. A Party orally disclosing Confidential Information to the other Party will summarize the disclosure in writing and provide it to the other Party within fifteen (15) days of the disclosure. Each Party receiving Confidential Information agrees to use it only for the purposes described in the Research Plan. Either Party may object to the designation of information as Confidential Information by the other Party.

8.4 **Protection of Confidential Information**. Confidential Information will not be disclosed, copied, reproduced or otherwise made available to any other person or entity without the consent of the owning or providing Party except as required by a court or administrative body of competent jurisdiction, or federal law or regulation. Each Party agrees to use reasonable efforts to maintain the confidentiality of Confidential Information, which will in no instance be less effort than the Party uses to protect its own Confidential Information. Each Party agrees that a Party receiving Confidential Information will not be liable for the disclosure of that portion of the Confidential Information which, after notice to and consultation with the disclosing Party, the receiving Party determines may not be lawfully withheld, provided the disclosing Party has been given a reasonable opportunity to seek a court order to enjoin disclosure.

8.5 **Protection of Human Subjects' Information**. The research and development activities to be conducted under this CRADA are not intended to involve human subjects or human tissues within the meaning of 45 C.F .R. Part 46 and 21 C.F.R. Part 50. Should it become necessary to utilize human subjects or human tissues, or to provide a Party with access to information about identifiable human subjects, the Parties agree to amend this CRADA in accordance with Paragraph 13.6 to ensure that the research and development activities conducted hereunder will conform to the appropriate federal laws and regulations, including but not limited to all applicable FDA regulations and HHS regulations relating to the protection of human subjects.

8.6 **Duration of Confidentiality Obligation**. The obligation to maintain the confidentiality of Confidential Information will expire at the earlier of the date when the information is no longer Confidential Information as defined in Paragraph 2.4 or three (3) years after the expiration or termination date of this CRADA. Collaborator may request an extension to this term when necessary to protect Confidential Information relating to products not yet commercialized.

8.7 **Publication**. The Parties are encouraged to make publicly available the results of their research and development activities. Before either Party submits a paper or abstract for publication or otherwise intends to publicly disclose information about a CRADA Subject Invention, CRADA Data or CRADA Materials, the other Party will have thirty (30) days to review the proposed publication or disclosure to assure that Confidential Information is protected. Either Party may request in writing that the proposed publication or other disclosure be delayed for up to thirty (30) additional days as necessary to file a Patent Application.

Article 9. Representations and Warranties

9.1 **Representations of ICD**. ICD hereby represents to Collaborator that:

(a) ICD has the requisite power and authority to enter into this CRADA and to perform according to its terms, and that ICD's official signing this CRADA has authority to do so.

(b) To the best of its knowledge and belief, neither ICD nor any of its personnel involved in this CRADA is presently subject to debarment or suspension by any agency of the Government which would directly affect its performance of the CRADA. Should ICD or any of its personnel involved in this CRADA be debarred or suspended during the term of this CRADA, ICD will notify Collaborator within thirty (30) days of receipt of final notice.

9.2 **Representations and Warranties of Collaborator**. Collaborator hereby represents and warrants to ICD that:

(a) Collaborator has the requisite power and authority to enter into this CRADA and to perform according to its terms, and that Collaborator's official signing this CRADA has authority to do so.

(b) Neither Collaborator nor any of its personnel involved in this CRADA, including Affiliates, agents, and contractors are presently subject to debarment or suspension by any agency of the Government. Should Collaborator or any of its personnel involved in this CRADA be debarred or suspended during the term of this CRADA, Collaborator will notify ICD within thirty (30) days of receipt of final notice.

(c) Subject to Paragraph 12.3, and if and to the extent Collaborator has agreed to provide funding under Appendix B, Collaborator is financially able to satisfy these obligations in a timely manner.

Article 10. Expiration and Termination

10.1 **Expiration**. This CRADA will expire on the last date of the term set forth on the Summary Page. In no case will the term of this CRADA extend beyond the term indicated on the Summary Page unless it is extended in writing in accordance with Paragraph 13.6.

10.2 **Termination by Mutual Consent**. ICD and Collaborator may terminate this CRADA at any time by mutual written consent.

10.3 **Unilateral Termination**. Either ICD or Collaborator may unilaterally terminate this CRADA at any time by providing written notice at least sixty (60) days before the desired termination date. ICD may, at its option, retain funds transferred to ICD before unilateral termination by Collaborator for use in completing the Research Plan.

10.4 **Funding for ICD Personnel**. If Collaborator has agreed to provide funding for ICD personnel and this CRADA is mutually or unilaterally terminated by Collaborator before its expiration, then Collaborator agrees that funds for that purpose will be available to ICD for a period of six (6) months after the termination date or until the expiration date of the CRADA, whichever occurs sooner. If there are insufficient funds to cover this expense, Collaborator agrees to pay the difference.

10.5 **New Commitments**. Neither Party will incur new expenses related to this CRADA after expiration, mutual termination, or a notice of a unilateral termination and will, to the extent feasible, cancel all outstanding commitments and contracts by the termination date. Collaborator acknowledges that ICD will have the authority to retain and expend any funds for up to one (1) year subsequent to the expiration or termination date to cover any unpaid costs obligated during the term of the CRADA in undertaking the research and development activities set forth in the Research Plan.

Article 11. Disputes

11.1 **Settlement**. Any dispute arising under this CRADA which is not disposed of by agreement of the Principal Investigators will be submitted jointly to the signatories of this CRADA. If the signatories, or their designees, are unable to jointly resolve the dispute within thirty (30) days after notification thereof, the Assistant Secretary for Health (or his/her designee or successor) will propose a resolution. Nothing in this Paragraph will prevent any Party from pursuing any additional administrative remedies that may be available and, after exhaustion of such administrative remedies, pursuing all available judicial remedies.

11.2 **Continuation of Work**. Pending the resolution of any dispute or claim pursuant to this Article 11, the Parties agree that performance of all obligations will be pursued diligently.

Article 12. Liability

12.1 **NO WARRANTIES**. EXCEPT AS SPECIFICALLY STATED IN ARTICLE 9, THE PARTIES MAKE NO EXPRESS OR IMPLIED WARRANTY AS TO ANY MATTER WHATSOEVER, INCLUDING THE CONDITIONS OF THE RESEARCH OR ANY INVENTION OR MATERIAL, WHETHER TANGIBLE OR INTANGIBLE, MADE OR DEVELOPED UNDER OR OUTSIDE THE SCOPE OF THIS CRADA, OR THE OWNERSHIP, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE RESEARCH OR ANY INVENTION OR MATERIAL, OR THAT A TECHNOLOGY UTILIZED BY A PARTY IN THE PERFORMANCE OF THE RESEARCH PLAN DOES NOT INFRINGE ANY THIRD-PARTY PATENT RIGHTS.

12.2 **Indemnification and Liability**. Collaborator agrees to hold the Government harmless and to indemnify the Government for all liabilities, demands, damages, expenses and losses arising out of the use by Collaborator for any purpose of the CRADA Data, CRADA Materials or CRADA Subject Inventions produced in whole or part by ICD employees under this CRADA, unless due to the negligence or willful misconduct of ICD, its employees, or agents. The Government has no statutory authority to indemnify Collaborator. Each Party otherwise will be liable for any claims or damages it incurs in connection with this CRADA, except that ICD, as an agency of the Government, assumes liability only to the extent provided under the Federal Tort Claims Act, 28 U.S.C. Chapter 171.

12.3 ***Force Majeure***. Neither Party will be liable for any unforeseeable event beyond its reasonable control and not caused by its own fault or negligence. which causes the Party to be unable to perform its obligations under this CRADA, and which it has been unable to overcome by the exercise of due diligence. If a *force majeure* event occurs, the Party unable to perform will promptly notify the other Party. It will use its best efforts to resume performance as quickly as possible and will suspend performance only for such period of time as is necessary as a result of the *force majeure* event.

Article 13. Miscellaneous

13.1 **Governing Law**. The construction, validity, performance and effect of this CRADA will be governed by U.S. federal law, as applied by the federal courts in the District of Columbia. If any provision in this CRADA conflicts with or is inconsistent with any U.S. federal law or regulation, then the U.S. federal law or regulation will preempt that provision.

13.2 **Compliance with Law**. ICD and Collaborator agree that they will comply with, and advise their contractors and agents to comply with, all applicable statutes, Executive Orders, HHS regulations, and all FDA, CDC, and NIH policies relating to research on human subjects (45 C.F.R. Part 46, 21 C.F.R. Parts 50 and 56) and relating to the appropriate care and use of laboratory animals (7 U.S.C. §§ 2131 *et seq*.; 9 C.F.R. Part 1, Subchapter A). Additional information on these subjects is available from the HHS Office for Human Research Protections or from the NIH Office of Laboratory Animal Welfare. Collaborator agrees to ensure that employees, contractors, and agents of Collaborator who might have access to a "select agent or toxin" (as that term is defined in 42 C.F .R. §§ 73.4-73.5) transferred from ICD is properly licensed to receive the "select agent or toxin".

13.3 **Waivers**. None of the provisions of this CRADA will be considered waived by any Party unless a waiver is given in writing to the other Party. The failure of a Party to insist upon strict performance of any of the terms and conditions hereof, or failure or delay to exercise any rights provided herein or by law, will not be deemed a waiver of any rights of any Party.

13.4 **Headings**. Titles and headings of the articles and paragraphs of this CRADA are for convenient reference only, do not form a part of this CRADA, and will in no way affect its interpretation.

13.5 **Severability**. The illegality or invalidity of any provisions of this CRADA will not impair, affect, or invalidate the other provisions of this CRADA.

13.6 **Amendments**. Minor modifications to the Research Plan may be made by the mutual written consent of the Principal Investigators. Substantial changes to the CRADA, extensions of the term, or any changes to Appendix C will become effective only upon a written amendment signed by the signatories to this CRADA or by their representatives duly authorized to execute an amendment. A change will be considered substantial if it directly expands the range of the potential CRADA Subject Inventions, alters the scope or field of any license option governed by Article 7, or requires a significant increase in the contribution of resources by either Party.

13.7 **Assignment**. Neither this CRADA nor any rights or obligations of any Party hereunder will be assigned or otherwise transferred by either Party without the prior written consent of the other Party.

13.8 **Notices**. All notices pertaining to or required by this CRADA will be in writing, signed by an authorized representative of the notifying Party, and delivered by first class, registered, or certified mail, or by an express/overnight commercial delivery service, prepaid and properly addressed to the other Party at the address designated on the Contacts Information Page, or to any other address designated in writing by the other Party. Notices will be considered timely if received on or before the established deadline date or sent on or before the deadline date as verifiable by U.S. Postal Service postmark or dated receipt from a commercial carrier. Notices regarding the exercise of license options will be made pursuant to Paragraph 7.3. Either Party may change its address by notice given to the other Party in the manner set forth above.

13.9 **Independent Contractors**. The relationship of the Parties to this CRADA is that of independent contractors and not agents of each other or joint venturers or partners. Each Party will maintain sole and exclusive control over its personnel and operations.

13.10 **Use of Name; Press Releases**. By entering into this CRADA, the Government does not directly or indirectly endorse any product or service that is or will be provided, whether directly or indirectly related to either this CRADA or to any patent or other intellectual-property license or agreement that implements this CRADA by Collaborator, its successors, assignees, or licensees. Collaborator will not in any way state or imply that the Government or any of its organizational units or employees endorses any product or service. Each Party agrees to provide proposed press releases that reference or rely upon the work under this CRADA to the other Party for review and comment at least seven (7) days prior to publication. Either Party may disclose the Summary Page to the public without the approval of the other Party.

13.11 **Reasonable Consent**. Whenever a Party's consent or permission is required under this CRADA, its consent or permission will not be unreasonably withheld.

13.12 **Export Controls**. Collaborator agrees to comply with U.S. export law and regulations. If Collaborator has a need to transfer any CRADA Materials made in whole or in part by ICD, or ICD Materials, or ICD's Confidential Information, to a person located in a country other than the United States, to an Affiliate organized under the laws of a country other than the United States, or to an employee of Collaborator in the United States who is not a citizen or permanent resident of the United States, Collaborator will acquire any and all necessary export licenses and other appropriate authorizations.

13.13 **Entire Agreement**. This CRADA constitutes the entire agreement between the Parties concerning the subject matter of this CRADA and supersedes any prior understanding or written or oral agreement.

13.14 **Survivability**. The provisions of Paragraphs 3.3, 3.4, 4.2, 4.3, 5.3, 5.4, 6.l-9.2, l0.3, 10.5, 11.1, 12.1-12.3, 13.1-13.3, 13.10 and 13.14 will survive the expiration or early termination of this CRADA.

SIGNATURES BEGIN ON THE NEXT PAGE

ACCEPTED AND AGREED

BY EXECUTING THIS AGREEMENT, EACH PARTY REPRESENTS THAT ALL STATEMENTS MADE HEREIN ARE TRUE, COMPLETE, AND ACCURATE TO THE BEST OF ITS KNOWLEDGE. COLLABORATOR ACKNOWLEDGES THAT IT MAY BE SUBJECT TO CRIMINAL, CIVIL, OR ADMINISTRATIVE PENALTIES FOR KNOWINGLY MAKING A FALSE, FICTITIOUS, OR FRAUDULENT STATEMENT OR CLAIM.

FOR NINDS:

/s/ Story Landis — 3/20/06

Story Landis, Ph.D. — Date

Director, National Institute of Neurological Disorders and Stroke

FOR COLLABORATOR:

/s/ John S. Kovach — 3/22/06

Dr. John S. Kovach — Date

President, Lixte, Inc.

CONTACTS INFORMATION PAGE

CRADA Notices

For ICD:
Dr. Martha Lubet
6120 Executive Blvd
Suite 450
Rockville, MD 20892

For Collaborator:
Dr. John S. Kovach
6 Tinker Lane
East Setatuket, NY 11733

Patenting and Licensing

For ICD:
Division Director, Division of Technology
Development and Transfer
NIH Office of Technology Transfer
6011 Executive Boulevard, Suite 325
Rockville, Maryland 20852-3804
Tel: 301-496-7057
Fax: 301-402-0220

For Collaborator (if separate from above):
Same as above

Delivery of Materials Identified In Appendix B (if any)

For ICD:
Dr. Zhengping Zhuang
Bldg 10 Room 4N244
10 Center Drive
Bethesda, MD 20892

For Collaborator:
N.A.

SUMMARY PAGE

EITHER PARTY MAY, WITHOUT FURTHER CONSULTATION OR PERMISSION.

RELEASE THIS SUMMARY PAGE TO THE PUBLIC.

TITLE OF CRADA: Identification of agents regulating Nuclear Receptor Corepressor (N-CoR) pathway for glioma tumor cell differentiation

PHS[ICD] Component:	National Institute of Neurological Disorders and Stroke
ICD Principal Investigator:	Dr. Edward Oldfield
ICD Co-Principal Investigator:	Dr. Zhengping Zhuang
Collaborator:	Lixte, Inc.
Collaborator Principal Investigator:	Dr. John S.Kovach
TERM OF CRADA:	2 (Two) years from the Effective Date

ABSTRACT OF THE RESEARCH PLAN:

The National Institute of Neurological Disorders and Stroke ("NINDS") in Bethesda, Maryland, and Lixte, Inc. will collaborate in the identification and evaluation of agents that target the Nuclear Receptor CoRepressor (N-CoR) pathway for glioma tumor cell differentiation. NINDS and Lixte, Inc. will also conduct research to determine if expression of N-CoR correlates with prognosis in glioma patients.

PUBLIC HEALTH SERVICE
COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT

APPENDIX A

RESEARCH PLAN

Scope of this CRADA

The subject of this CRADA is limited to identifying agents that act synergistically with retinoic acid (RA) or okadaic acid to inhibit proliferation of Glioblastoma multiforme (GBM) cells and to determine if expression of Nuclear Receptor Corepressor (N-CoR) correlates with prognosis in glioma patients.

Background

N-CoR binds to unliganded nuclear receptors such as retinoid acid receptor (RAR) and thyroid hormone receptor. When N-CoR forms a complex with Silencing Mediator of Retinoid and Thyroid Hormone Receptors (SMRT), Histone Deacetylase 3 (HDAC3) and RAR, transcription of RAR specific target genes is repressed resulting in increased cell proliferation. Using 2-D gel technology, the SNB/NINDS has discovered that Nuclear Receptor Corepressor (N-CoR) is overexpressed in Glioblastoma multi forme (GBM) glioma cells. Phosphastase-1 inhibitors such as okadaic acid are known to inhibit N-CoR activity (Hermanson et al. Nature 419:934, 2002). SNB/NINDS has also discovered that okadaic acid acts synergistically with retinoic acid (RA) to inhibit GBM cell growth and increase cell differentiation. Okadaic acid is not specifically targeted to N-CoR and consequently is likely to have significant side-effects. SNB/NINDS seeks to identify other agents that inhibit N-CoR activity, especially agents that preferentially or specifically target N-CoR.

Glial Fibrillary Acidic Protein (GFAP) is expressed in astrocytes and is used as a marker to measure the degree of astroglial differentiation in GBM cell lines. Its expression is up-regulated in GBM cell lines cultured in retinoic acid and okadaic acid. Up-regulation of GF AP expression will be used as an additional confirmatory assay to characterize agents positive in anti-GBM proliferation assay.

A Confidentiality Disclosure Agreement (CDA) between Lixte and NTNDS for discussions regarding the N-CoR technology was executed in September, 2005. Lixte has recently submitted a patent application naming NINDS employees Dr. Zhuang, Dr. Oldfield, Dr. Deric Park. Dr. Jie Li, and Dr. Irina Lubensky and Lixte employee Dr. Kovach as inventors. The application includes methods of identifying compounds that affect cell growth of glioblastoma, methods of inhibiting tumor growth by administering one or more of the following: a RAR inhibitor, a phosphataseinhibitor or histone deacetylase inhibitor, and methods of measuring of N-CoR in tumor samples, cerebrospinal fluid (CSF) and serum as a means to confirm diagnosis, to determine response to treatment, or to determine recurrence of GBM in patients.

Background of the Parties

SNB/NINDS

Dr. Oldfield has had more than 20 years of experience leading a research effort in brain tumors that has examined the biology and pathophysiology of brain tumors, drug delivery to Central Nervous System (CNS) tumors and in developing novel approaches for treating them. As the Chief of the Surgical Neurology Branch, NTNDS, he leads a multi-dimensional research effort focused on the understanding and treatment of tumors of the CNS.

Dr. Zhuang has worked in the field of cancer genetics and cancer biology for many years. Recently he has developed a novel approach of integrating tissue microdissection into genomic and proteomic research. Successful application of this technique has led to the identification of several genetic and protein targets, such as N-CoR in brain tumors, for diagnostic and therapeutic use.

LIXTE, INC.

John S. Kovach, M.D., founded Lixte, Inc. in 2005. The company seeks to apply recent advances in the molecular characterization of human tissue and in assay technology to improve diagnostics, prognostics, and therapy for common cancers.

Dr. Kovach has more than 30 years experience in cancer research. He has extensive experience in anti-cancer drug evaluation and biomarkers of cancer cells.

Objectives of this CRADA

NINOS and Lixte will work together to identify agents that act synergistically with retinoic acid or okadaic acid to inhibit CNS tumor cell growth, especially agents that inhibit N-CoR pathway activity. Lixte will provide approximately 50 compounds of known pharmacologic activity to SNB/NINOS to be evaluated in an *in vitro* screening assay. If licenses are required to use the compounds in the research plan, Lixte is responsible for obtaining any necessary licenses. Some of these compounds will be tested to determine if they act synergistically with retinoic acid and mutually agreed upon functional analogues of retinoic acid in inhibiting the growth of GBM cells. Some of these, compounds will be tested to determine if they act synergistically with okadaic acid and mutually agreed upon functional analogues of okadaic acid in inhibiting the growth of GBM cells.

SNB/NINOS has also observed that a percentage of glioma cells localize N-CoR in the nuclear compartment, whereas in normal cells N-CoR is predominantly localized to the cytoplasmic compartment or is completely degraded. Therefore, the CRAOA research will determine if localization of N-CoR correlates with prognosis in glioma patients. An assay to determine if N-CoR can be detected in the serum or CSF from patients with GBM will also be developed. This assay will be used to determine if N-CoR levels in serum or CSF are useful in the diagnosis of GBM or the prognosis of disease in GBM patients.

Samples from patients will be obtained under an appropriate IRB approved protocol. All samples will be labeled with code numbers and no Identifiable Patient Information (IPI) will be released to the Parties.

Work Scope:

1) Development of a high throughput in vitro screening assay for agents that act synergistically with retinoic acid or okadaic acid to inhibit proliferation of GBM cell lines.

The assay to determine if agents act synergistically with retinoic acid or okadaic acid to inhibit GBM cell growth *in vitro* currently used by SNB/NINOS will be modified so that large numbers of agents can be screened. The assay will be sufficiently robust so that assessment of the activity of several hundreds of different compounds and combinations of compounds at several concentrations can be made over a four to six month period.

2) Screening of compounds for activity in GBM assay.

Initial experiments will be done with chemicals (primarily phosphatase inhibitors) of known toxicologic and pharmacologic properties in humans. These chemicals have been identified and claimed in the patent application. Lixte will supply these chemicals and other known inhibitors of N-CoR/SMRT complex to identify agents that act synergistically with retinoic acid or okadaic acid in the GBM assays.

3) Development of an assay for cellular localization and levels of expression of the N-CoR in tissue and body fluids.

Lixte and SNBININDS will develop an assay to assess the potential value of N-CoR expression as a tool for diagnosis and for assessing the regression and/or progression of the cancer during medical management. Preliminary experiments will focus on the ability to detect the presence of N-CoR in brain tumor tissue, serum and CSF.

Responsibilities of the Parties

SNB/NINDS Laboratory will:

1) Adapt the assay currently used in SNBININDS to a high throughput assay for the identification of agents active against GBMs.

2) Screen agents for anti-proliferative activity against GBMs.

3) Screen selected agents that are positive in the anti-proliferative assay in Glial Fibrillary Acidic Protein (OF AP) confirmatory assay.

4) Analyze samples from GBM patients to determine if level of and localization of expression of N-CoR in tumor samples, serum or CSF correlates with prognosis of patients with OBM.

5) Conduct preliminary animal studies of selected agents, if mutually agreed upon.

Lixte will

1) Provide drugs and other chemicals selected for screening in *in vitro* assays.

2) If a candidate agent is identified for further testing, Lixte will provide the agent in sufficient quantities to conduct *in vivo* animal studies.

Shared Responsibilities of Lixte and SNB/NINDS

1) Mutually select agents to test in *in vitro* screening assays.

2) Evaluate results of the initial in vitro screening assay to mutually select agents for further testing.

3) Mutually select up to six (6) agents for further evaluation in *in vitro* and, if appropriate, animal models.

4) Develop assays for N-CoR in biopsies of CNS tumors and in serum and CSF.

5) Design and evaluate studies to determine if N-CoR assays are useful in differential diagnosis of GBM or assessment of regression or progression of CNS tumors during medical management.

6) Provide tumor samples, serum and spinal fluid from GBM patients. Lixte will execute a contract to obtain samples. SNB/NINDS samples will be obtained under an NIH IRB approved protocol.

CRADAs AND OTHER AGREEMENTS BETWEEN THE PARTIES

CRADAs: None

CTAs: None

CDAs: Confidential Disclosure Agreement 04765 between NINDS and Lixte, Inc. effective 9/7/2005

INTELLECTUAL PROPERTY:

Sole NINDS: None

Sole Lixte: None

Joint NINDS and Lixte: Provisional Patent Application filed February 6,2006, entitled “Use of Phosphatases to Treat Glioblastomas. Inventors: NINDS employees Zhuang, Oldfield, D. Park, J. Li, J. Lubensky and Lixte employee, J. S. Kovach.

References:

1. Hermansonet al. Nature 419:934, 2002.

APPENDIX B

STAFFING, FUNDING AND MA TERIALS/
EQUIPMENT CONTRIBUTIONS OF THE PARTIES

Staffing Contributions:

ICD will provide scientific staff and other support necessary to conduct the research and other activities described in the Research Plan. lCD's scientific staff will include lCD's Principal Investigator and technical staff.

ICD estimates that 2.2 person-years of effort per year will be required to complete the CRAOA research.

Although personnel hired by PHS using CRAOA funds shall focus principally on CRAOA research, such personnel nonetheless shall be free to participate in other, non-CRADA research in the laboratory, and such activities shall be outside the scope of this CRAOA. No funds provided under this CRADA by Collaborator will be used by the PHS to pay the salary of any tenured or tenure-track employee.

Collaborator will provide scientific staff and other support necessary to conduct the research and other activities described in the Research Plan. Collaborator's scientific staff will include Collaborator's Principal Investigator and technical staff.

Collaborator estimates that 0.20 person-years of effort per year will be required to complete the CRADA research.

Funding Contributions:

Collaborator agrees to provide funds in the amount of two hundred thousand dollars ($200,000) per year of the CRADA for ICD to use to acquire technical, statistical, and administrative support for the research activities, as well as to pay for supplies and travel expenses. Collaborator will provide funds in equal annual installments. The first installment will be due within one hundred eighty (180) days of the Effective Date. Each subsequent installment will be due within thirty (30) days of each anniversary of the Effective Date. Collaborator agrees that ICD can allocate the funding between the various categories in support of the CRADA research as ICD's PI sees fit.

CRADA PAYMENTS:

Collaborator will make checks payable to the National Institute of Neurological Disorders and Stroke, will reference the CRADA number 02165 entitled "Identification of agents regulating Nuclear Receptor Corepressor (N-CoR) pathway for glioma tumor cell differentiation" on each check, and will send them via trackable mail or courier to:

National Institute of Neurological Disorders and Stroke,
Financial Management Branch Building 31, Room8A34
31 Center Drive, MSC2540
Bethesda, MO 20892-2540

CRADA Travel Payments:

In order to foster research under the CRADA, NINDS staff may travel to Lixte or make presentations of data at scientific meetings. At the mutual consent of NlNDS and Lixte, Collaborator may provide for transportation and lodging costs for such activities. In such cases, both Parties must agree that1) the activities would be appropriate under this CRAOA and 2) selection of participating NINOS staff must be based on mutually acceptable criteria. Such travel is subject to NIH Manual Chapter 1500 and other applicable federal travel rules and regulations, whether paid for by government funds or private companies

Materials/Equipment Contributions:

ICD will transfer to the Collaborator the following ICD Materials for use under this CRADA: None

If ICD decides to provide additional ICD Materials for use under this CRADA, those materials will be transferred under a cover letter that identifies them and states that they are being provided under the terms of the CRADA.

Collaborator will transfer to ICD the following Collaborator Materials and/or capital equipment for use under this CRADA:

Collaborator Materials: Lixte will provide compounds used in the Research Plan. These compounds are not proprietary to Lixte, Inc.

Capital Equipment: None

APPENDIX C

MODIFICATIONS TO THE MODEL CRADA

Text to be added to the Model PHS CRADA (2005 version) is indicated by underlining and text to be deleted is indicated by ~~strikethrough~~.

Add new Article 2.17

2.17 "Human Subject" means in accordance with the definition in 45 C.F.R. § 46.102 (f), a living individual about whom an investigator conducting research obtains:

(a) data through intervention or interaction with the individual;: or

(b) Identifiable Private Information.

Add new Article 2.18

2.18 "Identifiable Private Information" or "IPI" about a Human Subject means private information from which the identity of the subject is or may readily be ascertained. Regulations defining and governing this information include 45 C.F.R. Part 46 and 21 C.F.R. Part 50.

Modify Article 3.2 as follows:

3.2 **Research Plan**. The Parties recognize that the Research Plan describes the collaborative research and development activities they will undertake and that interim research goals set forth in the Research Plan are good faith guidelines. Should events occur that require modification of these goals, then by mutual agreement the Parties can modify them through an amendment, according to Paragraph 13.6. Any protocol for research in animals must, in addition to other laws, comply with the provisions of 9 C.F.R. Part I Subchapter A., including review and approval of the proposed research by an Independent Animal Care and Use Committee.

Add new Article 3.6 as follows:

3.6 **Third-Party Contractors**. If Collaborator elects to conduct a portion of the Research Plan through a third party (e.g., as a contractor of Collaborator), then Collaborator agrees to notify ICD and to ensure that the agreement between Collaborator and the third party will be consistent with Collaborator's obligations under this CRADA. In particular, to the extent any Invention the third party may make would be a CRADA Subject Invention if it had been made by an employer of Collaborator, then Collaborator shall secure a commitment by the third party to assign its related Inventions to Collaborator, and any such Invention shall thereafter be treated as a CRADA Subject Invention in all respects. Further, the agreement between Collaborator and third party shall require that the third party will comply with all local rules and regulations for protection of human subjects.

Modify Article 8.5 as follows:

8.5 **Protection of Human Subjects' Information**. The research and development activities to be conducted under this CRADA are not intended to involve human subjects or human tissues within the meaning of 45 C.F .R. Part 46 and 21 C.F .R. Part 50. Should it become necessary to utilize human subjects or human tissues, or to provide a Party with access to information about identifiable human subjects, the Parties agree to amend this CRADA in accordance with Paragraph 13.6 to ensure that the research and development activities conducted hereunder will conform to the appropriate federal laws and regulations, including but not limited to all applicable FDA regulations and HHS regulations relating to the protection of human subjects. Collaborator shall, under no circumstances, receive information about or linked to identifiable Human Subjects in any form. Collaborator may receive samples of human tissue or data derived from identifiable private information, but only if all of the samples or data have first been rendered completely untraceable to any human subject.

Modify Article 13.13 as follows:

13.13 **Entire Agreement**. This CRADA constitutes the entire agreement between the Parties concerning the subject matter of this CRADA and supersedes any prior understanding or written or oral agreement. The CDA executed between the Parties on or about September 7, 2005 is hereby superseded and succeeded by the terms of this CRADA. Specifically, the confidential data exchanged between the Parties under that CDA shall be governed by the terms of this CRADA as if they had been exchanged after execution of this CRADA, and not by the terms of the CDA.

Modify Article 13.14 as follows:

13.14 **Survivability**. The provisions of Paragraphs 3.3,3.4,4.2,4.3,5.3,5.4,6.1-9.2,10.310.5, 11.1, 12.1-12.3, 13.1-13.3, 13.10, 13.l3 and 13.14 will survive the expiration or early termination of this CRADA.

AMENDMENT 1

Current CRADA TERMS:

CRADA # 2165
Effective Date: 3/22/2006
Executed Date: 3/22/2006
Original Term: 24 months
Expiration Date: 3/22/2008

Nih Pls: Dr. Edward Oldfield
Dr. Zhengping Zhuang
Institute: NINDS
Collaborator PI: Dr. John Kovach
Collaborator: Lixte Biotechnology, Inc.

NEW CRADA TERMS:

The purpose of this amendment is to change certain terms of the above referenced Cooperative Research and Development Agreement (CRADA). These changes are reflected below and except for these changes all other provisions including the research plan of the original CRADA remain in full force and effect. Each signatory will receive an original of this amendment. Text to be added to Appendices A and B of the original CRADA is indicated by underlining and text to be deleted is indicated by ~~strikethrough~~.

1. Change the name of the Collaborator from Lixte, Inc. to Lixte Biotechnology, Inc.

2. Amend the Research Plan, Appendix A, on page 22 as follows:

> **2) Screening of compounds for activity in GBM assay.** Initial experiments will be done with chemicals (primarily phosphatase inhibitors) of known toxicologic and pharmacologic properties in humans. These chemicals have been identified and claimed in the patent application. Lixte will supply these chemicals and other known inhibitors of N-CoR/SMRT complex to identify agents that act synergistically with retinoic acid or okadaic acid in the GBM assays.
>
> GBM assays have shown that some of these compounds are active in the assays. Analogs of up to five compounds that are active in the *in vitro* GBM assay will be provided by Lixte and will be tested in the *in vitro* GBM assay. Compounds selected for analog activity studies will be mutually agreed upon. The exact number of analogs that will be tested for the selected compounds will be agreed upon in writing by the Principle Investigators prior to the start of testing of the analogs. The analogs provided by the Lixte will be transferred to NINDS under a cover letter that identifies them and states that they are being provided under the terms of the CRADA.

3. Amend Appendix B on page 26 as follows:

> Collaborator Materials: Lixte will provide compounds used in the Research Plan. Some of t~~T~~hese compounds are proprietary to Lixte Biotechnology, Inc.

Capital Equipment: None

SIGNATURES BEGIN ON NEXT PAGE

SIGNATURE PAGE

ACCEPTED AND AGREED TO

FOR NINDS:

/s/ Story Landis — 10/19/06

Story Landis, Ph.D. — Date

Director, National Institute of Neurological Disorders and Stroke

FOR COLLABORATOR:

/s/ John S. Kovach — 10/26/06

Dr. John S. Kovach — Date

President, Lixte Biotechnology, Inc.

EXHIBIT 23.2

AJ. ROBBINS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
216 SIXTEENTH STREET
SUITE 600
DENVER, COLORADO 80202

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

As independent certified public accountants, we hereby consent to the use of our report dated February 27, 2006, except for the event discussed in Note 6, dated August 15, 2006, of Lixte, Inc. and to the reference made to our firm under the caption "Experts" included in or made part of this Amendment No. 2 to the Registration Statement on Form SB-2.

AJ. ROBBINS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Denver, Colorado
January 22, 2007

January 23, 2007

Via Federal Express & Edgar

Russell Mancuso, Branch Chief
Securities and Exchange Commission
Mail Stop 6010
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549-0406

Re: SRKP 7, Inc.
Amendment No. 1 to Form SB-2
Filed December 1, 2006
File No. 333-137208

Dear Mr. Mancuso:

This is in response to your comment letter dated December 15, 2006.

Amendment No. 1 to Form SB-2

Prospectus cover

1. We note your response to comment 1 in our letter to you dated October 4, 2006. Your revised disclosure does not disclose the price at which your selling shareholders will sell their securities, therefore, we reissue the first sentence of comment 1.

Company Response

We have revised the disclosure to reflect the fact that until the Company's shares are traded on the OTC Bulletin Board, the shares will be sold at a fixed price of $0.33, the price of the private placement.

The Offering, page 2

2. Please ensure that the information disclosed here matches the number of securities included in the fee table and the numbers in your table of selling stockholders.

Company Response

We have corrected the minor error in the fee table to reflect the fact that 6,135,579 shares are being sold rather than 6,135,581 shares.

Risk Factors, page 5

If our products were derived from tissue or other samples from a patient..., page 13

3. We note your response to comment 9. However, that comment sought disclosure in your prospectus. Please revise your document to disclose when the negotiations began and update any changes in the status of the negotiations. If the negotiations are completed, please file the resulting agreement as an exhibit and disclose in an appropriate section of your document the material terms, including duration and termination provisions.

Company Response

We have indicated in the Risk Factor that the Company has entered into Agreement with the University of Regensburg and have described the terms under "BUSINESS - Access for Clinical Materials."

Management's Discussion and Analysis, page 24

Results of Operations, page 26

4. Please refer to prior comment 16. We note your expanded disclosure included under "Going Concern" on page 27 about the additional funding of approximately $2.3 million to establish a wet laboratory. However, to adequately address all of the requirements in Item 303(a) of Regulation S-B, add a separate section to describe in detail your plan of operations for the next twelve months.

Company Response

We have added a separate section pursuant to your request.

Research and Development Costs, page 26

5. We note in the first sentence of the second paragraph of this section that you state the current amount due pursuant to the CRADA "was recorded as a liability". Based on your response to prior comment 49 and revisions made on the balance sheet as of September 30, 2006, please tell us where the referenced liability is presented in your September 30, 2006 balance sheet or revise the filing as necessary based on oar concern.

Company Response

The following is the first sentence of the second paragraph under Management's Discussion and Analysis of Financial Condition and Results of Operations - Three Months and Nine Months Ended September 30, 2006 - Research and Development Costs.

"The current amount due pursuant to the CRADA was recorded as a liability with the related amount of such contract recorded as advances on research and development contract services on our balance sheet."

In order to clarify this issue, the Company has revised this sentence as follows:

"The amount currently due pursuant to the CRADA was recorded as a liability (and was subsequently reduced by any applicable payments), with the related amount of such contract recorded as advances on research and development contract services on our balance sheet."

At June 30, 2006, the liability related to current amounts due under this contract was $197,000 ($200,000 less payments of $3,000 in May and June 2006), which was paid in full on July 6, 2006. The final payment of $200,000 under the CRADA is not currently due; pursuant to the contract, it is due within 30 days of March 22, 2007. Accordingly, there was no liability under the CRADA at September 30, 2006.

Also, please refer to the Company's response to Comment No. 15 below.

Intellectual Property, page 29

6. Please file and disclose the material terms of the December 2006 agreement mentioned in your response to prior comment 19.

Company Response

We have included those terms under "Access to Clinical Materials." The Company has filed an 8-K with respect to the Agreement and included a copy thereof as an Exhibit.

7. Please name the patent counsel mentioned in the fourth paragraph. Also, file counsel's consent as an exhibit that expressly states that counsel consents to your summarization of its opinion in the registration statement.

Company Response

The patent counsel's firm has a policy about being named as an expert. In lieu of the reference to the patent counsel, we have revised the sentence to indicated that the "we have been advised that…."

Government Regulation, page 34

8. We note your response to prior comment 24. Please disclose the nature of the FDA regulation to which you will be subject when you "begin to pursue clinical trials."

Company Response

We have added the requested disclosure.

Management, page 35

9. We note your response to prior comment 28 and the description of Dr. Palmedo's work for the Government of Sudan in 1980. However, you did not address whether you have other past, current or anticipated contacts with Sudan, through subsidiaries, affiliates or other direct or indirect arrangements. If you have no past, current or anticipated contacts with Sudan in addition to Dr. Palmedo's contacts described in your December 1, 2006 letter, please state so.

Company Response

The Company has never had nor does it anticipate having any contact with Sudan directly or indirectly.

Scientific Advisory Committee, page 37

10. We note your revised disclosure in response to comment 31. It is not clear why you have identified the committee in the management section of your prospectus given your response that the committee does not serve any management function. Please move this disclosure to an appropriate section of your prospectus.

Company Response

The disclosure was in a separate section. We have adjusted the heading to minimize confusion.

Security Ownership, page 39

11. Please provide the disclosure requested in the last sentence of prior comment 32.

Company Response

We have made the disclosure.

General, page 40

12. Please tell us why your disclosure in response to prior comment 39 does not address the warrants mentioned in the fourth paragraph on page 40.

Company Response

We have added the warrants issued to WestPark Capital.

Selling Stockholders, page 41

13. We note your response to comment 40. However, it does not appear that the selling stockholder table has been revised to address the comment. We reissue comment 40.

Company Response

We respectfully point out that we believe that the table complies with the instructions to Form SB-2 and Regulation S-B. Additionally, the Company does not have the information as to the beneficial owners of trust and pension plans from investors who purchased substantially less than 5% of the Company's outstanding shares.

Financial Statements, page F-1

14. Please expand your response to prior comment 44 to cite with specificity the authority that permits you to incorporate a Form 8-K into a Form SB-2.

Company Response

The following is the last sentence of the third paragraph of Note 1. Organization and Basis of Presentation to the Company's condensed consolidated financial statements at December 31, 2005 and September 30, 2006:

These financial statements should be read in conjunction with the audited financial statements that were included in the Company's Current Report on Form 8-K, as filed with the SEC on July 7, 2006.

It is not the Company's intention to incorporate by reference these financial statements into the SB-2/A registration statement, nor does the Company believe that the foregoing statement does so. The purpose of this statement is to refer the reader to other related financial statements available in the Company's previously filed Current Report on Form 8-K, similar to what is done by registrants in the presentation section of the notes to interim financial statements, wherein the reader is referred to the registrant's audited financial statements previously filed in a Form 10-KSB Annual Report.

If the Staff continues to object to this disclosure, the Company is prepared to remove it from the registration statement.

Note 6. Commitments and Contingencies, page F-21

15. Please refer to prior comment 49. We note the revisions made on the balance sheet as of September 30, 2006 and see you now present an asset labelled "advances on research and development contract services, net" of $100,000. We further note that through the end of this period you have made aggregate payments of $200,000 and recorded research and development expenses of $100,100 in connection with the CRADA agreement. It is still not clear to us why the $100,000 "advance" satisfies the definition of an asset as described in paragraph 25 of CON6. Please tell us and revise the notes to the financial statements to specifically indicate why you believe it is appropriate to record the referenced amount as an asset. Alternatively, revise the filing as necessary to expense the amount in question. Your response should address whether you have the right to receive a refund or return of amounts paid (and presented as an asset) under the agreement in this regard Article 10.3 of the agreement appears to indicate no such right exists. Note the guidance at SFAS 2 and the concepts outlined in FIN 4. Finally, we note you included a copy of the agreement in Exhibit 10.1. Please revise the filing to attach Appendix B, which includes the payment schedule as indicated in Article 5.3 of the CRADA, to this exhibit.

Company Response

Please find attached as Appendix A an analysis of the accounts related to the Company's research and development activities from August 9, 2005 (inception) through September 30, 2006, which has been provided in order to assist the Staff in reviewing the Company's response to this comment as shown below.

The Company has reviewed the definition of an asset as contained in CON 6, paragraphs 25 through 31, and notes the following:

The common characteristic possessed by all assets is “future economic benefit” (Par. 28). The right to receive services of other entities for specified or determinable future periods can be assets of particular entities (Par. 31). Although the ability of an entity to obtain benefit from an asset and to control others’ access to it generally rests on a foundation of legal rights, legal enforceability of a claim to the benefit is not a prerequisite for a benefit to qualify as an asset if the entity has the ability to obtain and control the benefit in other ways (Par. 26). Money (i.e., cash) was expended in regard to this transaction, and is the basis for its value and future economic benefits (Par. 29).

The Company has reviewed SFAS 2, “Accounting for Research and Development Costs”. The Company acknowledges that SFAS 2 states that all research and development costs encompassed by SFAS 2 shall be charged to expense *when incurred* [emphasis added] (Par. 12), and that the cost of services performed by others in connection with research and development activities by an enterprise, including research and development conducted by others on behalf of the enterprise, shall be included in research and development costs (Par. 11d). The Company has also reviewed FIN 4, “Applicability of FASB Statement No. 2 to Business Combinations Accounted for by the Purchase Method”, which discusses the applicability of SFAS 2 to the cost of tangible and intangible assets to be used in research and development activities of an enterprise when those assets are acquired in a business combination accounted by the purchase method. The Company does not believe that the concepts contained in FIN 4 are applicable to the matters discussed herein.

The Company believes that the funds paid to The U.S. Department of Health and Human Services (as represented by the National Institute of Neurological Disorders and Stroke, or the “ICD”), pursuant to the CRADA effective March 22, 2006, represent an *advance* on research and development costs and therefore have future economic benefit. As such, the Company believes that such costs should be charged to expense when they are actually expended by the provider, which is, effectively, as they perform the research activities that they are contractually committed to provide. Absent information that would indicate that a different expensing schedule is more appropriate (such as, for example, from the achievement of performance milestones or the completion of contract work), the Company believes that such advances should be expensed over the contractual service term on a straight-line basis, which reflects a reasonable estimate of when the underlying research and development costs are being incurred. Since the Company’s payments under the CRADA during May, June and July 2006 aggregating $200,000 are intended to fund ongoing research and development activities through March 2007, the Company believes that charging the amounts paid under the CRADA to expense at the time of the actual payments is not appropriate under the circumstances, and would provide a distorted presentation in the financial statements.

Although the CRADA does not specifically provide for a right of refund or return of amounts paid, the Company does not believe that this would prevent the payments from being accounted for as an asset. As noted in CON 6, Par. 26, although the ability of an entity to obtain benefit from an asset and to control others' access to it generally rests on a foundation of legal rights, legal enforceability of a claim to the benefit is not a prerequisite for a benefit to qualify as an asset if the entity has the ability to obtain and control the benefit in other ways. The Company has a legally binding, fully enforceable, contract requiring the ICD to perform certain activities and to therefore deliver specific future benefits to the Company, and the Company has paid in full the consideration provided for under the contract on a timely basis. In addition, Article 10.3 of the CRADA specifically refers to the ICD's right to retain funds previously received by it, at its option, *only* in the event of a unilateral termination by the Company. As such, the triggering of this provision in Article 10.3 is fully under the control of the Company, and the Company does not believe that it should prevent the accounting treatment noted above.

The Company will revise the notes to its financial statements to more fully explain the accounting for this contract.

We have refiled the entire agreement, as amended, with all appendices.

Recent Sales of Unregistered Securities, page II-2

16. With a view toward disclosure, please tell us the date and amount of the reverse split mentioned in the first sentence. Also tell us when shareholders approved the split.

Company Response

We have added a sentence referring to the stock dividend of 11% to stockholders of record on May 18, 2006 and deleted the reference to a reverse stock split.

17. Please provide us a table that clearly reconciles the information in this section with the number of your outstanding shares.

Company Response

We attach a table as Appendix B which reconciles the information.

Undertakings, page II-4

18. We note your revised disclosure and response to comment 52. It does not appear that you have provided the 512(a)(4) undertakings. Please provide the undertakings required by Item 512(a)(4) of Regulation S-B.

Company Response

We respectfully point out that Item 512(a)(4) refers to a primary offering of securities and is not applicable to this offering.

Exhibits

19. We note your response to prior comment 53. Please file complete exhibits with all attachments.

Company Response

We have included all attachments to the exhibits.

Signatures

20. We reissue prior comment 55 in part. Please clarify below the second paragraph required on the Signature page who is signing the document in the capacity of controller or principal accounting officer.

Company Response

We have indicated that Dr. Kovach is signing the document in his capacity as principal accounting officer.

21. Please clarify whether a majority of your board of directors signed the document.

Company Response

As indicated in the document, there are only two directors, both of whom are signatories. Dr. Kovach executed the Registration Statement on behalf of Dr. Palmedo as attorney in fact.

Form 10-QSB filed November 14, 2006

Item 3. Controls and Procedures, page 19

22. We note that your disclosure under the caption “Changes in Internal Controls” refers only to internal controls. In future filings, if you are referring to the information in Item 308(c) of Regulation S-B, please revise to state clearly that you are referring to internal controls over financial reporting.

Company Response

We note your comment.

Please address any additional comments or questions to the undersigned at (310) 789-1290.

Sincerely,

/s/ David L. Ficksman
David L. Ficksman
of
Troy & Gould

Appendix A

SRKP 7, Inc.
Analysis of R&D Related Accounts
Period from August 9, 2005 (Inception) to September 30, 2006

		Advance on R&D Contract Service	R&D Contract Liability	R&D Expense
8/9/2005	Balance at inception	$ -	$ -	$ -
3/22/2006	Record CRADA contract:			
	1st payment due within 180 days	$ 200,000	$ 200,000	
	2nd payment due within 30 days of first anniversary	$ 200,000 (A)	$ 200,000	
5/11/2006	Payment made towards first installment		$ (1,000)	
6/4/2006	Payment made towards first installment		$ (2,000)	
6/30/2006	Amortization for the quarter ($200,000 / 12 mo x 3 mo)	$ (50,000)		$ 50,000
6/30/2006	Balance	$ 350,000	$ 397,000	$ 50,000
7/6/2006	Payment made towards first installment		$ (197,000)	
9/15/2006	Other R&D expense paid			$ 100
9/30/2006	Amortization for the quarter ($200,000 / 12 mo x 3 mo)	$ (50,000)		$ 50,000
9/30/2006	Reclassify commitment not yet due against the related asset	$ (200,000) (A)	$ (200,000)	
9/30/2006	Balance	$ 100,000	$ -	$ 100,100

Appendix B
SRKP 7, INC. and SUBSIDIARY
Recap of Common Share Transactions
Inception to September 30, 2006

		Pre-Reverse Merger Shares		Post-Reverse Merger Shares
		Lixte, Inc.	SRKP 7, Inc.	SRKP 7, Inc
5/26/05	Initial sale of common stock for $25,000		2,700,000	
10/3/05	Initial sale of common stock for $1,500	1,500		
5/17/06	Private placement for $100,000		905,000	
5/18/06	11% stock dividend		400,556	
6/30/06	Reverse merger transaction:			
	Shares issued to Lixte, Inc. stockholders	(1,500)		19,021,786
	Shares issued to SRKP 7, Inc. stockholders		(4,005,556)	4,005,177
6/30/06	Private placement at $0.333 per share			1,973,869
7/27/06	Private placement at $0.333 per share			1,581,351
9/30/06	Total shares outstanding	0	0	26,582,183