UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2007

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934

Commission file number: 000-51476

LIXTE BIOTECHNOLOGY HOLDINGS, INC.
(Exact name of small business issuer as specified in its charter)

Delaware	**20-2903526**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

248 Route 25A, No. 2
East Setauket, New York 11733
(Address of principal executive offices)

(631) 942-7959
(Issuer' s telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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

As of July 31, 2007, the Company had 26,582,183 shares of common stock, $0.0001 par value, issued and outstanding.

Transitional Small Business Disclosure Format: Yes ☐ No ☒

Documents incorporated by reference: None

LIXTE BIOTECHNOLOGY HOLDINGS, INC.
(FORMERLY SRKP 7, INC.)
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Forward-Looking Statements

This Quarterly Report on Form 10-QSB contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. For example, statements regarding the Company's 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. The Company believes that the assumptions and expectations reflected in such forward-looking statements are reasonable, based on information available to it on the date hereof, but the Company cannot provide assurances that these assumptions and expectations will prove to have been correct or that the Company will take any action that the Company 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, available cash, research results, 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 Item 1 of this Quarterly Report on Form 10-QSB.

LIXTE BIOTECHNOLOGY HOLDINGS, INC.
(FORMERLY SRKP 7, INC.)
AND SUBSIDIARY
(a development stage company)

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2007 (Unaudited)	December 31, 2006 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 194,671	$ 679,640
Advances on research and development contract services	174,925	50,000
Prepaid insurance	5,990	20,365
Total current assets	375,586	750,005
Office equipment , net of accumulated depreciation of $871 at June 30, 2007 and $575 at December 31, 2006	1,038	1,062
Total assets	$ 376,624	$ 751,067
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 11,587	$ 31,786
Liquidated damages payable under registration rights agreement	74,000	74,000
Research and development contract liabilities	25,873	---
Due to stockholder	92,717	92,717
Total current liabilities	204,177	198,503
Commitments and contingencies		
Stockholders' equity:		
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 - 26,582,183 shares	2,658	2,658
Additional paid-in capital	1,176,822	1,128,114
Deficit accumulated during the development stage	(1,007,033)	(578,208)
Total stockholders' equity	172,447	552,564
Total liabilities and stockholders' equity	$ 376,624	$ 751,067

See accompanying notes to condensed consolidated financial statements.

LIXTE BIOTECHNOLOGY HOLDINGS, INC.
(FORMERLY SRKP 7, INC.)
AND SUBSIDIARY
(a development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		Period from August 9, 2005 (Inception) to June 30, 2007
	2007	2006	2007	2006	(Cumulative)
Revenues	$ ---	$ ---	$ —	$ —	$ —
Costs and expenses:					
General and administrative, including $8,792 and $79,566 of stock-based compensation during the three months ended June 30, 2007 and 2006, $17,708 and $79,566 during the six months ended June 30, 2007 and 2006, respectively, and $115,108 for the period from August 9, 2005 (inception) to June 30, 2007 (cumulative)	104,233	113,869	255,986	135,853	571,417
Depreciation	148	114	296	229	871
Research and development costs, including $31,000 of stock-based expense during the six months ended June 30, 2007 and the period from August 9, 2005 inception) to June 30, 2007 (cumulative)	74,925	50,000	180,850	50,000	330,950
Reverse merger costs	---	45,000	---	50,000	50,000
Total costs and expenses	179,306	208,983	437,132	236,082	953,238
	(179,306)	(208,983)	(437,132)	(236,082)	(953,238)
Interest income	3,584	---	8,307	—	20,205
Liquidated damages under registration rights agreement	---	---	---	—	(74,000)
Net loss	$ (175,722)	$ (208,983)	$ (428,825)	$ (236,082)	$ (1,007,033)
Net loss per common share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)	
Weighted average number of common shares outstanding - basic and diluted	26,582,183	19,087,490	26,582,183	19,054,819	

See accompanying notes to condensed consolidated financial statements.

LIXTE BIOTECHNOLOGY HOLDINGS, INC.
(FORMERLY SRKP 7, INC.)
AND SUBSIDIARY
(a development stage company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)

Period from August 9, 2005 (Inception) to June 30, 2007

	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 $214,517	3,555,220	355	969,017	—	969,372
Stock-based compensation	—	—	97,400	—	97,400
Net loss	—	—	—	(562,084)	(562,084)
Balance, December 31, 2006 (Restated)	26,582,183	2,658	1,128,114	(578,208)	552,564
Stock-based compensation	—	—	17,708	—	17,708
Stock-based research and development costs	—	—	31,000	—	31,000
Net loss	—	—	—	(428,825)	(428,825)
Balance, June 30, 2007 (Unaudited)	26,582,183	$ 2,658	$ 1,176,822	$ (1,007,033)	$ 172,447

See accompanying notes to condensed consolidated financial statements.

LIXTE BIOTECHNOLOGY HOLDINGS, INC.
(FORMERLY SRKP 7, INC.)
AND SUBSIDIARY
(a development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended June 30,		Period from August 9, 2005 (Inception) to June 30, 2007
	2007	**2006**	**(Cumulative)**
Cash flows from operating activities			
Net loss	$ (428,825)	$ (236,082)	$ (1,007,033)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	296	229	871
Stock-based compensation	17,708	79,566	115,108
Stock-based research and development costs	31,000	---	31,000
Changes in operating assets and liabilities:			
(Increase) decrease in -			
Advances on research and development contract services	(124,925)	(150,000)	(174,925)
Prepaid expenses	14,375	---	(5,990)
Increase (decrease) in -			
Accounts payable and accrued expenses	(20,199)	15,958	11,587
Research and development contract liabilities	25,873	197,000	25,873
Liquidated damages payable under registration rights agreement	---	---	74,000
Net cash used in operating activities	(484,697)	(93,329)	(929,509)
Cash flows from investing activities			
Purchase of office equipment	(272)	(237)	(1,909)
Net cash used in investing activities	(272)	(237)	(1,909)
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	---	657,299	1,183,889
Payment of private placement offering costs	---	(134,360)	(214,517)
Advances from stockholder	---	86,771	92,717
Net cash provided by financing activities	---	672,210	1,126,089
Net increase (decrease) in cash	(484,969)	578,644	194,671
Cash at beginning of period	679,640	4,946	---
Cash at end of period	$ 194,671	$ 583,590	$ 194,671

(continued)

LIXTE BIOTECHNOLOGY HOLDINGS, INC.
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (continued)

	Six Months Ended June 30,		Period from August 9, 2005 (Inception) to June 30, 2007
	2007	**2006**	**(Cumulative)**
Supplemental disclosures of cash flow information:			
Cash paid for -			
Interest	$ —	$ —	$ —
Income taxes	$ —	$ —	$ —

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

June 30, 2007 (Unaudited) and December 31, 2006 (Restated)

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 periods ended June 30, 2006 reflect the results of operations of Lixte, the accounting acquirer in the reverse merger transaction. Unless the context indicates otherwise, SRKP and Lixte are hereinafter referred to as the "Company". On December 7, 2006, the Company amended its Certificate of Incorporation to change its name from SRKP 7, Inc. to Lixte Biotechnology Holdings, Inc. ("Holdings").

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

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.

The condensed consolidated financial statements of Lixte (the "Company") at June 30, 2007, for the three months and six months ended June 30, 2007 and 2006, and for the period from August 9, 2005 (Inception) to June 30, 2007 (cumulative), are unaudited. In the opinion of management, all adjustments (including normal recurring adjustments) have been made that are necessary to present fairly the financial position of the Company as of June 30, 2007 and the results of its operations for the three months and six months ended June 30, 2007 and 2006, and for the period from August 9, 2005 (Inception) to June 30, 2007 (cumulative), and its cash flows for the six months ended June 30, 2007 and 2006, and for the period from August 9, 2005 (Inception) to June 30, 2007 (cumulative). Operating results for the interim periods presented are not necessarily indicative of the results to be expected for a full fiscal year. The condensed consolidated balance sheet at December 31, 2006 (Restated) has been derived from the Company's audited financial statements (as restated) as of that date.

The statements and related notes have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. 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. These financial statements should be read in conjunction with the financial statements and other information included in the Company's Annual Report on Form 10-KSB, as amended, as filed with the U.S. Securities and Exchange Commission on May 17, 2007.

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 other potential therapeutic agents for the treatment of specific cancers.

The Company is 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 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 generated 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.

At June 30, 2007, the Company had not yet commenced any revenue-generating operations. All activity through June 30, 2007 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, the Company's 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 $446,433.

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.

The Company does not currently have sufficient resources to fully fund its planned operations for the next twelve months. The strain on the Company's limited cash resources has been further exacerbated by the registration penalty obligation of $74,000 (originally recorded at December 31, 2006 pursuant to EITF 00-19-2), reflecting the cash amount currently payable to the investors in the private placement for the registration penalty accrued through mid-May 2007, as described at Note 3. If the Company does not maintain the effectiveness of its registration statement, the Company would be subject to a further registration penalty at the rate of approximately $12,000 per 30-day period thereafter, continuing through July 2008. Since the Company only has cash of $194,671 and working capital of $171,409 (including the effect from the $74,000 registration penalty obligation referred to above) at June 30, 2007, this short-term cash obligation and the uncertainty related to it could have a material adverse impact on the Company's ability to fund its business plan and conduct operations.

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. Based on the Company's revised operating budget, through December 31, 2008, the Company estimates that it will require approximately $1,500,000 of additional funding. The Company estimates that it will require an additional $3,500,000 to fund operations (including laboratory operations) in 2009 and 2010. 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 anticipates funding these cash requirements from debt or equity financings, mergers or acquisitions, and/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.

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". 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 subsequent to December 31, 2005.

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 or warrants at December 31, 2005.

Adoption of New Accounting Policies

In December 2006, the FASB issued FSP EITF 00-19-2, "Accounting for Registration Payment Arrangements" ("EITF 00-19-2"), which addresses an issuer's accounting for registration payment arrangements. EITF 00-19-2 specifies that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement, whether issued as a separate agreement or included as a provision of a financial instrument or other agreement, should be separately recognized and measured in accordance with FASB No. 5, "Accounting for Contingencies". EITF 00-19-2 further clarifies that a financial instrument subject to a registration payment arrangement should be accounted for in accordance with other applicable generally accepted accounting principles without regard to the contingent obligation to transfer consideration pursuant to the registration payment arrangement. EITF 00-19-2 is effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to the date of issuance of EITF 00-19-2. For registration payment arrangements and financial instruments subject to those arrangements that were entered into prior to the issuance of EITF 00-19-2, EITF 00-19-2 is effective for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years. Early adoption of EITF 00-19-2 for interim or annual periods for which financial statements or interim reports have not been issued is permitted. The Company chose to early adopt EITF 00-19-2 effective December 31, 2006 (see Note 3).

Effective January 1, 2007, the Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109, Accounting for Income Taxes" ("FIN 48"). FIN 48 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The adoption of the provisions of FIN 48 did not have a material effect on the Company's financial statements. As of June 30, 2007, no liability for unrecognized tax benefits was required to be recorded.

The Company files income tax returns in the U.S. federal jurisdiction and various states. The Company is subject to U.S. federal or state income tax examinations by tax authorities for years after 2004.

The Company's policy is to record interest and penalties on uncertain tax provisions as income tax expense. As of June 30, 2007, the Company has no accrued interest or penalties related to uncertain tax positions.

Recent Accounting Pronouncements

In September 2006, the 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 generally accepted accounting principles. 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. The Company is currently assessing the potential effect of SFAS No. 157 on its consolidated financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"), which provides companies with an option to report selected financial assets and liabilities at fair value. The objective of SFAS No. 159 is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. Generally accepted accounting principles have required different measurement attributes for different assets and liabilities that can create artificial volatility in earnings. SFAS No. 159 helps to mitigate this type of accounting-induced volatility by enabling companies to report related assets and liabilities at fair value, which would likely reduce the need for companies to comply with detailed rules for hedge accounting. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 requires companies to provide additional information that will help investors and other users of financial statements to more easily understand the effect of the company's choice to use fair value on its earnings. SFAS No. 159 also requires companies to display the fair value of those assets and liabilities for which the company has chosen to use fair value on the face of the balance sheet. SFAS No. 159 does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in SFAS No. 157 and SFAS No. 107. SFAS No. 159 is effective as of the beginning of a company's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the company makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS No. 157. The Company is currently assessing the potential effect of SFAS No. 159 on its consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Company's financial statements.

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 Company accounts for its research and development contracts in accordance with EITF 07-3.

The funds paid to NINDS of the NIH, pursuant to the CRADA effective March 22, 2006, represent an advance on research and development costs and therefore have future economic benefit. As such, such costs are being 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 are being 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 $200,000 financial obligation due under the CRADA as of March 22, 2007, was paid on June 29, 2007, and is intended to fund ongoing research and development activities through March 2008.

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 Holdings, Dr. John S. Kovach ("Seller") and Lixte, Holdings 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 Holdings.

Pursuant to the Exchange, Holdings issued to the Seller 19,021,786 shares of its common stock. Holdings 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 stockholder of Lixte.

The Share Exchange Agreement was determined through arms-length negotiations between Holdings, the Seller and Lixte. In connection with the Exchange, the Company paid WestPark Capital, Inc. an aggregate 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 $446,433.

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 cashless exercise provisions and demand registration rights, but the warrant holder has agreed to waive any claims to monetary damages or financial penalties for any failure by the Company to comply with such registration requirements. Based on the foregoing, the warrants have been accounted for as equity.

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) 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%.

As part of the Company's private placement of its securities completed on July 27, 2006, the Company entered into a registration rights agreement with the purchasers, whereby the Company agreed to register the shares of common stock sold in the private placement, and to maintain the effectiveness of such registration statement, subject to certain conditions. The agreement required the Company to file a registration statement within 45 days of the closing of the private placement and to have the registration statement declared effective within 120 days of the closing of the private placement. Since the registration statement was not declared effective by the Securities and Exchange Commission within 120 days of the closing of the private placement, the Company was required to pay each investor prorated liquidated damages equal to 1.0% of the amount raised per month, payable monthly in cash. On September 8, 2006, the Company filed a registration statement on Form SB-2 to register 3,555,220 shares of the common stock sold in the private placement.

In accordance with EITF 00-19-2, "Accounting for Registration Payment Arrangements", on the date of the closing of the private placement, the Company believed it would meet the deadlines under the registration rights agreement with respect to filing a registration statement and having it declared effective by the SEC. As a result, the Company did not record any liabilities associated with the registration rights agreement at June 30, 2006. At December 31, 2006 (Restated), the Company determined that the registration statement covering the shares sold in the private placement would not be declared effective within the requisite time frame. As a result, the Company has accrued six months liquidated damages under the registration rights agreement aggregating approximately $74,000 as a current liability at June 30, 2007 and December 31, 2006 (Restated). No further registration penalty accrual was required at June 30, 2007, as the Company's registration statement on Form SB-2 was declared effective by the Securities and Exchange Commission on May 14, 2007. The Company will continue to review the status of the registration statement at each quarter end in the future and record further liquidated damages under the registration rights agreement as necessary. As of June 30, 2007, the Company had not yet paid the registration penalty to the investors.

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 is being charged to operations ratably from July 1, 2006 through June 30, 2008. During the year ended December 31, 2006 (Restated), the three months ended June 30, 2007, and the six months ended June 30, 2007, the Company recorded a charge to operations of $31,000, $5,167 and $10,333, 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 is being 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 December 31, 2006 (Restated), and June 30, 2007, 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) and $29,000 ($0.29 per share), respectively, which resulted in a charge to operations of $7,500 during the year ended December 31, 2006 (Restated), $3,625 during the three months ended June 30, 2007, and $7,375 during the six months ended June 30, 2007. 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 December 31, 2006 (Restated), 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 4.5 years. On June 30, 2007, 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 years.

On June 20, 2007, the Board of Directors of the Company approved the 2007 Stock Compensation Plan, which provides for the granting of awards, consisting of common stock options, stock appreciation rights, performance shares, or restricted shares of common stock, to employees and independent contractors, for up to 2,500,000 shares of the Company's common stock, under terms and condition, as determined by the Company's Board of Directors. As of June 30, 2007, no awards had been granted under the 2007 Stock Compensation Plan.

4. Related Party Transactions

Since inception, Dr. John Kovach, 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 June 30, 2007 and December 31, 2006 (Restated), stockholder advances totaled $92,717.

The Company's office facilities have been provided without charge by the Company's founding stockholder and Chief Executive Officer. Such costs were not material to the financial statements and, accordingly, have not been reflected therein.

Dr. John Kovach, the Company's Chief Executive Officer, 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.

Dr. John Kovach, the Company's Chief Executive Officer, is involved in other business activities and may, in the future, become involved in other business opportunities that become available. Accordingly, the Chief Executive Officer may face a conflict in selecting between the Company and his other business interests. The Company has not yet 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 common stock with a par value of $0.0001 per share and 10,000,000 shares are preferred stock with a par value of $0.0001 per share.

The Company is authorized to issue 10,000,000 shares of 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 CRADA with the NINDS of the NIH. 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. 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 was paid in full on June 29, 2007.

On January 5, 2007, Lixte entered into a Services Agreement with The Free State of Bavaria (Germany) represented by the University of Regensburg (the "University") pursuant to which Lixte retained the University to provide to it certain samples of primary cancer tissue and related biological fluids to be obtained from patients afflicted with specified types of cancer. The University will also provide certain information relating to such patients. Lixte agreed to pay the University 72,000 Euros (approximately $99,700) in two installments of 36,000 Euros (approximately $49,850). The first installment was paid on March 7, 2007, and the second installment will be paid within sixty days of the earlier of (i) January 5, 2008 or (ii) the University's fulfillment of certain obligations relating to the delivery of materials.

On February 5, 2007, Lixte entered into a two-year agreement (the "Agreement") with Chem-Master International, Inc. ("Chem-Master") pursuant to which Lixte engaged Chem-Master to synthesize a compound designated as "LB-1", and any other compound synthesized by Chem-Master pursuant to Lixte's request, which have potential use in treating a disease, including, without limitation, cancers such as glioblastomas. Pursuant to the Agreement, Lixte agreed to reimburse Chem-Master for the cost of materials, labor, and expenses for other items used in the synthesis process, and also agreed to grant Chem-Master a five-year option to purchase 100,000 shares of the Company's common stock at an exercise price of $0.333 per share. The fair value of this option, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be $31,000 ($0.31 per share) 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 - 4.5%. The $31,000 fair value was charged to operations as research and development costs during the six months ended June 30, 2007, since the option was fully vested and non-forfeitable on the date of issuance. Lixte has the right to terminate the Agreement at any time during the term of the Agreement upon sixty days prior written notice. On February 5, 2009, provided that the Agreement has not been terminated prior to such date, the Company agreed to grant Chem-Master a second five-year option to purchase an additional 100,000 shares of the Company's common stock at an exercise price of $0.333 per share.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Overview

On June 30, 2006, Lixte Biotechnology, Inc. ("Lixte") a privately-held Delaware company incorporated on August 9, 2005, completed a reverse merger transaction with SRKP 7, Inc. ("SRKP 7"), a non-trading public "shell" company, whereby Lixte became a wholly-owned subsidiary of SRKP 7. 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 7. All costs associated with the reverse merger transaction were expensed as incurred.

Lixte was formed 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.

On December 7, 2006, SRKP 7's name was changed to Lixte Biotechnology Holdings, Inc. Lixte Biotechnology Holdings, Inc. is a holding company for Lixte the operating company acquired in the reverse merger transaction. Unless the context indicates otherwise, Lixte Biotechnology Holdings, Inc. and Lixte are hereinafter referred to collectively as the "Company".

As a result of the reverse merger, the Company is 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.

Adoption of New Accounting Policies

In December 2006, the FASB issued FSP EITF 00-19-2, "Accounting for Registration Payment Arrangements" ("EITF 00-19-2"), which addresses an issuer's accounting for registration payment arrangements. EITF 00-19-2 specifies that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement, whether issued as a separate agreement or included as a provision of a financial instrument or other agreement, should be separately recognized and measured in accordance with FASB No. 5, "Accounting for Contingencies". EITF 00-19-2 further clarifies that a financial instrument subject to a registration payment arrangement should be accounted for in accordance with other applicable generally accepted accounting principles without regard to the contingent obligation to transfer consideration pursuant to the registration payment arrangement. EITF 00-19-2 is effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to the date of issuance of EITF 00-19-2. For registration payment arrangements and financial instruments subject to those arrangements that were entered into prior to the issuance of EITF 00-19-2, EITF 00-19-2 is effective for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years. Early adoption of EITF 00-19-2 for interim or annual periods for which financial statements or interim reports have not been issued is permitted. The Company chose to early adopt EITF 00-19-2 effective December 31, 2006.

Effective January 1, 2007, the Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109, Accounting for Income Taxes" ("FIN 48"). FIN 48 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The adoption of the provisions of FIN 48 did not have a material effect on the Company's financial statements. As of June 30, 2007, no liability for unrecognized tax benefits was required to be recorded.

The Company files income tax returns in the U.S. federal jurisdiction and various states. The Company is subject to U.S. federal or state income tax examinations by tax authorities for years beginning in 2005.

The Company's policy is to record interest and penalties on uncertain tax provisions as income tax expense. As of June 30, 2007, the Company has no accrued interest or penalties related to uncertain tax positions.

Recent Accounting Pronouncements

In September 2006, the 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 generally accepted accounting principles. 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. The Company is currently assessing the potential effect of SFAS No. 157 on its consolidated financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"), which provides companies with an option to report selected financial assets and liabilities at fair value. The objective of SFAS No. 159 is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. Generally accepted accounting principles have required different measurement attributes for different assets and liabilities that can create artificial volatility in earnings. SFAS No. 159 helps to mitigate this type of accounting-induced volatility by enabling companies to report related assets and liabilities at fair value, which would likely reduce the need for companies to comply with detailed rules for hedge accounting. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 requires companies to provide additional information that will help investors and other users of financial statements to more easily understand the effect of the company's choice to use fair value on its earnings. SFAS No. 159 also requires companies to display the fair value of those assets and liabilities for which the company has chosen to use fair value on the face of the balance sheet. SFAS No. 159 does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in SFAS No. 157 and SFAS No. 107. SFAS No. 159 is effective as of the beginning of a company's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the company makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS No. 157. The Company is currently assessing the potential effect of SFAS No. 159 on its consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Company's financial statements.

Critical Accounting Policies and Estimates

The Company 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 the Company's 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. The Company accounts for its research and development contracts in accordance with EITF 07-3.

Stock-Based Compensation

In December 2004, the FASB 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 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

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 provides 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

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"). The Company entered into a Cooperative Research and Development Agreement (the "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 lead scientist at NINDS collaborating with the Company 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 the Company believes can be used as a tool for identifying drugs that affect the growth of GBM cells. Under the CRADA, the Company will support two persons at the 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. The Company's contribution to the collaborative research done by the Company and the 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.

On February 6, 2006, the Company filed a provisional patent application naming as co-inventors Dr. Zhuang and several other NIH investigators, and Dr. Kovach covering certain methods and classes of molecules that are expected to be the foundation of product development and commercialization efforts with respect to human brain tumors. On February 6, 2007, the Company filed on behalf of NIH co-inventors and Dr. Kovach a PCT international patent including all countries participating in the Patent Cooperation Treaty (except the USA) and an identical non-provisional patent in the USA. These two patent applications contain all claims in the provisional patent of February 6, 2006 plus additional claims. The Company has received a draft of the proposed exclusive patent license agreement with the NIH.

Both February 6, 2007 patent filings fall under the CRADA agreement with the NINDS of the NIH. Patents resulting from these applications are jointly owned by Lixte and the U.S. Government. All NIH co-inventors are required to assign their rights to the NIH. As specified in the CRADA agreement between the Company and the NINDS of the NIH, the Company is entitled to obtain an exclusive license from the NIH to all claims in these patents. The Company has received a draft of the proposed exclusive patent license agreement with the NIH. Under the proposed agreement, the Company will pay a non-creditable, non-refundable upfront fee of $150,000 within thirty days from the effective date of the agreement, a royalty of 6% on net sales, with a minimum annual royalty of $30,000 and royalties upon achieving the following benchmarks: (a) $50,000 upon starting Phase I Clinical Trials; (b) $100,000 upon starting Phase II Clinical Trials; (c) $200,000 upon starting Phase III Clinical Trials; (d) $300,000 upon filing an IND submission; and (e) $500,000 upon the first commercial sale. Additionally, the Company is required to pay royalties of 15% of the consideration received for the guaranty of sublicensing rights. The Company intends to negotiate these economic terms in order to attempt to obtain more advantageous economic terms. The Company believes that the other terms of the proposed agreement are customary for agreements of this type. The Company is in continuing discussions with the NIH's Office of Technology Transfer regarding the schedule of payments based on milestones and the amount of royalty to be paid. Nothing has arisen in these discussions to date to suggest that there is any issue with the Company receiving exclusive licenses on reasonable terms for work done under the CRADA.

On February 6, 2007, the Company also filed a new U.S. provisional application in its sole name. This filing does not fall under the CRADA. The Company has the sole right to any patent issued pursuant to this application. This application identifies a method of synthesis and documents activity against glioblastoma multiforme cell lines in vitro of a proprietary lead compound synthesized by the Company. This provisional patent application also describes a series of homologs of this lead compound.

The Company expects that the products will derive directly from its intellectual property, which will consist of patents that the Company 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.

The Company faces several potential challenges in its efforts to achieve commercial success, including raising sufficient capital to fund its business plan, achieving commercially applicable results of its 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 the Company.

There is substantial uncertainty as to the Company's ability to fund its operations and continue as a going concern (see "Liquidity and Capital Resources - June 30, 2007 - Going Concern" below).

The Company has two major goals to achieve over the next 12 months. The prime objective, in collaboration with NINDS under the CRADA, is to extend the characterization of potentially more effective drugs and drug combinations (identified by the Company and jointly with NINDS for the treatment of the incurable human brain tumor, 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, the Company 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 12 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.

Over the next 12 months, the Company 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 the NIH under protocols developed by NINDS and the Company. The protocols will be approved by NIH committees responsible for approving the conduct of animal research at the 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 three regimens identified under the CRADA that have never been investigated as treatment for human GBMs. The Company expects initial animal studies at the NIH will be completed in September 2007.

If the current animal experiments at the NIH show anti-cancer activity against GBMs without significant toxicity, the Company will rapidly expand the evaluation of the lead compound(s) by screening for anti-cancer activity against other types of human cancers not included under the CRADA. The Company will also evaluate the activity of its lead compound(s) in an animal (mouse) model of GBM in which human GBM cells are growing intra-cranially. These studies will be outsourced to a contract research organization ("CRO") experienced in the evaluation and pharmacologic characterization of new anti-cancer agents under conditions required by the National Cancer Institute and the FDA. The Company will contract for these studies because the scope of the activities and the technical demands for this type of animal study lies outside the agreement and capabilities of its NIH partner. As a result, the Company's projected operating budget will increase by approximately $500,000 to reflect the costs of carrying out these evaluations with a CRO and the costs of additional patent applications and the maintenance of the national and international status of filed applications.

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 the NIH, by the Company alone via outsourcing all pre-clinical drug evaluations required by the FDA to a commercial CRO, and/or with a partner in the pharmaceutical industry capable of taking the drug(s) though the IND process and conducting clinical evaluations.

The Company expects to participate in clinical trials of new therapies in partnership with an organization experienced in such undertakings. The partnering organization may be either a clinical branch of NIH or a pharmaceutical company with expertise in the conduct of clinical trials. The Company's present position is to take one or more of its new therapies for the treatment of glioblastoma multiforme through pre-clinical evaluation as part of the CRADA agreement with the NINDS of the NIH. After completing pre-clinical evaluation, the Company will consider partnering with the NIH to conduct a phase I trial or jointly with the NIH seek a third party, most probably a large pharmaceutical company to carry the new therapies into phase I trials.

After completion of phase I trials, the Company, potentially in partnership with the NIH or on its own, would collaborate with the third party to carry new therapies found to be safe for administration to humans in the phase I trials into phase II trials.

Phase II trials test the safety and effectiveness, as well as the best estimate of the proper dose of the new therapies in a group of patients with the same type of cancer at the same stage. For the Company's initial studies, the focus will be brain tumors. The duration of phase II trials may run from 6 to 24 months. New regimens showing beneficial activity in phase II trials may then be considered for evaluation in phase III trials. Phase III trials for the evaluation of new cancer treatments are comparative trials in which the therapeutic benefit of a new regimen is compared to the therapeutic benefit of the best standard regimen in a randomized study.

Whether the Company will participate or be in a position to participate in any clinical trials will depend upon partnerships and specific licensing agreements. In all cases of clinical trial participation, however, the Company will be subject to FDA regulation. These regulations are specific and form the basis for assessing the potential clinical benefit of new therapeutic regimens while safeguarding the health of patients participating in investigational studies. Even after a drug receives approval from the FDA for sale as a new treatment for a specific disease indication, the sponsors of the drug are subject to reporting potentially adverse effects of a new regimen to the FDA.

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 the Company's 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 late 2008, the Company expects to be in a position to begin analyses of tumor types other than GBM. In order to do this, the Company estimates that it will need to establish and operate a laboratory for a period of two years (originally estimated to be 2008 and 2009, now estimated to be 2009 and 2010) to proceed with biomarker discovery in cancers other than GMB independent of the NIH. The creation and operation of the laboratory for two years is estimated to cost approximately $1,700,000. The Company will continue to incur additional costs, including, among others, patent, legal, accounting/audit, insurance and office expenses. Accordingly, the Company's revised operating budget indicates that in addition to the estimated $1,500,000 required to fund operations through December 2008, the Company will also require an additional $3,500,000 to fund operations (including laboratory operations) in 2009 and 2010. The Company anticipates funding these cash requirements from debt or equity financings, mergers or acquisitions, and/or via the sale or license of certain of its assets (including licensing rights to compounds for the treatment of GBMs).

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

Projected major expenses for the wet laboratory are estimated as follows:

Year 1:	
$48,000	for rental of 800 sq. ft. wet lab in MD incubator ($4,000/month plus utilities/phone/internet)
$300,000	for staff salaries plus fringe (1 scientist and 2 technicians)
$100,000	for disposable equipment and reagents ($33,000/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

Budget summary (2 years):

Total budgeted costs for laboratory operations	$ 1,318,400
Equipment	$ 300,000
Miscellaneous	$ 81,600
Total budget	$ 1,700,000

Results of Operations

The Company is a development stage company and has not yet commenced revenue-generating operations. Comparative financial statements for the three months and six months ended June 30, 2006 reflect the results of operations of Lixte Biotechnology, Inc. the Company's operating subsidiary, as it was the accounting acquirer in the reverse merger transaction.

Three Months Ended June 30, 2007 and 2006

General and Administrative Expenses. For the three months ended June 30, 2007, general and administrative expenses were $104,233, which included $8,792 for the vested portion of the fair value of stock options issued to a director and certain members of the Company's Scientific Advisory Committee on June 30, 2006, as compared to $113,869 for the three months ended June 30, 2006, which included $79,566 for the vested portion of the fair value of stock options issued to a director and certain members of the Company's Scientific Advisory Committee on June 30, 2006. The significant components of general and administrative expenses to date consist primarily of legal and accounting fees, including costs associated with the registration of the common stock sold in the Company's private placement in June and July 2006.

Depreciation. For the three months ended June 30, 2007 and 2006, depreciation expense was $148 and $114, respectively.

Research and Development Costs. For the three months ended June 30, 2007, research and development costs were $74,925, as compared to $50,000 for the three months ended June 30, 2006.

Reverse Merger Costs. In conjunction with the reverse merger transaction completed on June 30, 2006, WestPark Capital, Inc. was paid a cash fee of $45,000 on June 30, 2006, which was charged to operations during the three months ended June 30, 2006.

Interest Income. For the three months ended June 30, 2007, interest income was $3,584. The Company did not have any interest income for the three months ended June 30, 2006.

Net Loss. For the three months ended June 30, 2007, the Company incurred a net loss of $175,722, as compared to a net loss of $208,983 for the three months ended June 30, 2006.

Six Months Ended June 30, 2007 and 2006

General and Administrative Expenses. For the six months ended June 30, 2007, general and administrative expenses were $255,986, which included $17,708 for the vested portion of the fair value of stock options issued to a director and certain members of the Company's Scientific Advisory Committee on June 30, 2006, as compared to $135,853 for the six months ended June 30, 2006, which included $79,566 for the vested portion of the fair value of stock options issued to a director and certain members of the Company's Scientific Advisory Committee on June 30, 2006. The significant components of general and administrative expenses to date consist primarily of legal and accounting fees, including costs associated with the registration of the common stock sold in the Company's private placement in June and July 2006.

Depreciation. For the six months ended June 30, 2007 and 2006, depreciation expense was $296 and $229, respectively.

Research and Development Costs. For the six months ended June 30, 2007, research and development costs were $180,850, including $31,000 of stock-based expense related to a five-year stock option to purchase 100,000 shares of the Company's common stock at $0.333 per share issued to Chem-Master International, Inc. on February 5, 2007 that was fully vested and non-forfeitable on the date of issuance. Research and development costs were $50,000 for the six months ended June 30, 2006.

Reverse Merger Costs. In conjunction with the reverse merger transaction completed on June 30, 2006, WestPark Capital, Inc. was paid an aggregate cash fee of $50,000, which was charged to operations during the six months ended June 30, 2006.

Interest Income. For the six months ended June 30, 2007, interest income was $8,307. The Company did not have any interest income for the six months ended June 30, 2006.

Net Loss. For the six months ended June 30, 2007, the Company incurred a net loss of $428,825, as compared to a net loss of $236,082 for the six months ended June 30, 2006.

Liquidity and Capital Resources - June 30, 2007

Going Concern

At June 30, 2007, the Company had not yet commenced any revenue-generating operations and was therefore considered a "development stage company". All activity through June 30, 2007 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, the Company's cash requirements were funded by advances from its founder, Dr. John Kovach, the Company's Chief Executive Officer. On June 30, 2006, the Company completed an initial closing of its 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, 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 $446,433.

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.

The Company does not currently have sufficient resources to fully fund its planned operations for the next twelve months. The strain on the Company's limited cash resources has been further exacerbated by the registration penalty obligation of $74,000 (originally recorded at December 31, 2006 pursuant to EITF 00-19-2), reflecting the cash amount currently payable to the investors in the private placement for the registration penalty accrued through mid-May 2007. If the Company does not maintain the effectiveness of its registration statement, the Company would be subject to a further registration penalty at the rate of approximately $12,000 per 30-day period thereafter, continuing through July 2008. Since the Company only has cash of $194,671 and working capital of $171,409 (including the effect from the $74,000 registration penalty obligation referred to above) at June 30, 2007, this short-term cash obligation and the uncertainty related to it could have a material adverse impact on the Company's ability to fund its business plan and conduct operations.

Since inception, Dr. John Kovach, 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 June 30, 2007 and December 31, 2006 (Restated), stockholder advances totaled $92,717. The Company currently does not anticipate repaying such advances until sufficient funds are available to fund the Company's business plan.

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. Through December 31, 2008, the Company estimates that it will require approximately $1,500,000 of additional funding. The Company estimates that it will require an additional $3,500,000 to fund operations (including laboratory operations) in 2009 and 2010. 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 anticipates funding these cash requirements from debt or equity financings, mergers or acquisitions, and/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.

Operating Activities. For the six months ended June 30, 2007, operating activities utilized cash of $484,697, as compared to utilizing cash of $93,329 for the six months ended June 30, 2006.

The Company had working capital of $171,409 at June 30, 2007, primarily as a result of the sale of the Company's common stock pursuant to private placement in June and July 2006 that generated net proceeds of $969,372.

Investing Activities. For the six months ended June 30, 2007 and 2006, investing activities utilized net cash of $272 and $237, respectively, for the purchase of office equipment.

Financing Activities. There were no financing activities for the six months ended June 30, 2007. For the six months ended June 30, 2006, financing activities provided net cash of $672,210, consisting of the gross proceeds from the sale of common stock of $657,299, 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 $134,360.

Principal Commitments

At June 30, 2007, the Company did not have any material commitments for capital expenditures. The Company's principal commitments at June 30, 2007 consisted of the estimated liquidated damages payable under the registration rights agreement of $74,000 and the contractual obligations as summarized below.

On January 5, 2007, Lixte entered into a Services Agreement with The Free State of Bavaria (Germany) represented by the University of Regensburg (the "University") pursuant to which Lixte retained the University to provide to it certain samples of primary cancer tissue and related biological fluids to be obtained from patients afflicted with specified types of cancer. The University will also provide certain information relating to such patients. Lixte agreed to pay the University 72,000 Euros (approximately $100,000) in two installments of 36,000 Euros (approximately $50,000). The first installment was paid on March 7, 2007, and the second installment will be paid within sixty days of the earlier of (i) January 5, 2008 or (ii) the University's fulfillment of certain obligations relating to the delivery of materials.

On February 5, 2007, Lixte entered into a two-year agreement (the "Agreement") with Chem-Master International, Inc. ("Chem-Master") pursuant to which Lixte engaged Chem-Master to synthesize a compound designated as "LB-1", and any other compound synthesized by Chem-Master pursuant to Lixte's request, which have potential use in treating a disease, including, without limitation, cancers such as glioblastomas. Pursuant to the Agreement, Lixte agreed to reimburse Chem-Master for the cost of materials, labor, and expenses for other items used in the synthesis process, and also agreed to grant Chem-Master a five-year option to purchase 100,000 shares of the Company's common stock at an exercise price of $0.333 per share. The fair value of this option, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be $31,000 ($0.31 per share) 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 - 4.5%. The $31,000 fair value was charged to operations as research and development costs during the six months ended June 30, 2007, since the option was fully vested and non-forfeitable on the date of issuance. Lixte has the right to terminate the Agreement at any time during the term of the Agreement upon sixty days prior written notice. On February 5, 2009, provided that the Agreement has not been terminated prior to such date, Lixte agreed to grant Chem-Master a second five-year option to purchase an additional 100,000 shares of the Company's common stock at an exercise price of $0.333 per share.

Off-Balance Sheet Arrangements

At June 30, 2007, the Company did not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements.

ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Disclosure Controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed under the Exchange Act is accumulated and communicated to management.

As of June 30, 2007, the Company's Chief Executive Officer and Chief Financial Officer (who is the same individual) evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon and as of the date of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that the information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized, and reported as and when required.

(b) Changes in Internal Controls Over Financial Reporting

There were no changes in the Company's internal control over financial reporting or in other factors that materially affect, or are reasonably likely to materially affect, those controls subsequent to the date of the Company's most recent evaluation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is currently not a party to any pending or threatened legal proceedings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

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

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

A list of exhibits required to be filed as part of this report is set forth in the Index to Exhibits, which immediately precedes such exhibits, and is incorporated herein by reference.

SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LIXTE BIOTECHNOLOGY HOLDINGS,
(Registrant)

Date: August 13, 2007

By: /s/ JOHN S. KOVACH

John S. Kovach
Chief Executive Officer and Chief Financial Officer
(Principal financial and accounting officer)

INDEX TO EXHIBITS

Exhibit Number	Description of Document
10.1	Services Agreement between Lixte Biotechnology, Inc. and Freestate of Bavaria represented by University of Regensburg dated January 5, 2007, previously filed as an exhibit to the Company's Current Report on Form 8-K filed on January 11, 2007, and incorporated herein by reference.
10.2	Agreement between Lixte Biotechnology Holdings, Inc. and Chem-Master International, Inc. dated February 5, 2007, previously filed as an exhibit to the Company's Current Report on Form 8-K filed on February 9, 2007, and incorporated herein by reference.
10.3	2007 Stock Compensation Plan adopted by the Company's Board of Directors on June 20, 2007. (1)
31	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (1)
32	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1)

(1) Filed herewith.

LIXTE BIOTECHNOLOGY HOLDINGS, INC

STOCK COMPENSATION PLAN

Section 1. Purpose

The purpose of this Stock Compensation Plan (the "Plan") is to advance the interests of Lixte Biotechnology Holdings, Inc., a Delaware corporation ("Lixte"), by enhancing its ability to attract, retain and provide incentives to directors, officers, employees and independent contractors who are crucial to the future growth and success of Lixte and its subsidiaries and Affiliates (as hereinafter defined).

Section 2. Definitions

"Affiliate" when used in conjunction with Lixte, shall include, but not be limited to, an entity or other person that directly or indirectly controls, or is controlled by, or is under common control with Lixte.

"Award" means any Option, Stock Appreciation Right, Performance Share or Restricted Stock awarded under the Plan.

"Board" means the board of directors of Lixte.

"Committee" means a committee of not less than two members of the Board appointed by the Board to administer the Plan.

"Common Stock" or "Stock" means the Common Stock of Lixte.

"Company" means Lixte and, except where the content requires otherwise, all present and future subsidiaries and Affiliates of Lixte.

"Designated Beneficiary" means the beneficiary designated by a Participant, in a manner determined by the Board, to receive amounts due or exercise rights of the Participant in the event of the Participant's death or incapacity. In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate, in the event of the Participant's death, and the Participant's legal guardian, in the event of the Participant's incapacity.

"Fair Market Value" means with respect to Common Stock on any given date (i) if the Common Stock is listed for trading on one or more national securities exchanges, the mean of the high and low sales prices during regular trading hours on the principal exchange on which it is traded on the grant date, or, if the Common Stock shall not have been traded during regular trading hours on such principal exchange over such period, the mean of the high and low sales prices during regular trading hours on such principal exchange on the first day prior thereto on which the Common Stock was so traded; (ii) if Common Stock is not listed for trading on a national securities exchange but is traded on the over-the-counter market, the mean of the highest and lowest bid prices for the Common Stock during regular trading hours on the grant date, or, if there are no such bid prices for the Common Stock during such period, the mean of the highest and lowest bid prices during regular trading hours on the first day prior thereto on which such prices appear; and (iii) in all other events, such amount as may be determined by the Board in good faith by any fair and reasonable means.

"Option" means an option to purchase shares of Common Stock awarded to a Participant under Section 6.

"Participant" means a person selected by the Board to receive an Award under the Plan.

"Performance Shares" mean shares of Common Stock which may be earned by the achievement of performance goals awarded to a Participant under Section 8.

"Reporting Person" means a person subject to Section 16 of the Securities Exchange Act of 1934 or any successor provision.

"Restricted Period" means the period of time selected by the Board during which shares subject to a Restricted Stock Award may be repurchased by or forfeited to the Company.

"Restricted Stock" means shares of Common Stock awarded to a Participant under Section 9.

"Stock Appreciation Right" or "SAR" means a right to receive any excess in Fair Market Value of shares of Common Stock over the exercise price awarded to a Participant under Section 7.

Section 3. Administration

The Plan shall be administered by the Board or by a Committee to which some or all of the administration of the Plan is delegated by the Board. In the event the Board appoints a Committee, references in the Plan to the Board shall, as appropriate, be read as references to the Committee. The Board shall appoint and remove members of the Committee in its discretion in accordance with applicable laws. If necessary in order to comply with Rule 16b-3 under the Exchange Act, the Committee shall, in the Board's discretion, be comprised solely of "non-employee directors" within the meaning of said Rule 16b-3. The foregoing notwithstanding, the Board and/or the Committee may delegate nondiscretionary administrative duties to such employees of the Company as it deems proper and the Board, in its absolute discretion, may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan.

The Board shall have plenary authority in its discretion, to the maximum extent permissible by law, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan. Without limiting the foregoing, the Board shall have authority to make Awards, to set administrative rules, guidelines and practices relating to the Plan as it shall deem advisable from time to time, and to interpret the provisions of the Plan. In determining the persons to whom Awards shall be made, the number of shares to be covered by each Award and the terms thereof (including the restriction, if any, which shall apply to the Common Stock subject to an Award), the Board shall take into account the duties of the respective persons, their present and potential contributions to the success of the Company and such other factors as the Board, in its discretion, shall deem relevant in connection with accomplishing the purposes of the Plan. The Board's decisions shall be final and binding. Except as otherwise required by law, no member of the Board shall be liable for any action or determination relating to the Plan made in good faith.

Section 4. Eligibility

Awards may be made to employees and independent contractors of the Company. For purposes hereof, independent contractors shall include consultants, advisors and directors of the Company.

Section 5. Stock Available for Awards

(a) Subject to adjustment under Section 10 below, Awards may be made under the Plan for up to Two Million Five Hundred Thousand (2,500,000) shares of Common Stock. If any Award in respect of shares of Common Stock expires or is terminated unexercised or is forfeited for any reason or settled in a manner that results in fewer shares outstanding than were initially awarded, the shares subject to such Award or so surrendered, as the case may be, to the extent of such expiration, termination, forfeiture or decrease, shall again be available for award under the Plan. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(b) The Board may grant Awards under the Plan in substitution for stock and stock based awards held by employees of another corporation who become employees of the Company as a result of a merger or consolidation of the employing corporation with the Company or the acquisition by the Company of property or stock of the employing corporation. The substitute Awards shall be granted on such terms and conditions as the Board considers appropriate in the circumstances. The shares which may be delivered under such substitute Awards shall be in addition to the maximum number of shares provided for in Section 5(a).

Section 6. Stock Options

(a) General.

(i) Subject to the provisions of the Plan, the Board may award Options and determine the number of shares to be covered by each Option, the option price therefor, the conditions and limitations applicable to the exercise of the Option and the restrictions, if any, applicable to the shares of Common Stock issuable thereunder.

(ii) The Board shall establish the exercise price at the time each Option is awarded.

(iii) Subject to Section 10(a), each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable Award. The Board may impose such conditions with respect to the exercise of Options, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable.

(iv) Options granted under the Plan shall provide for the payment of the exercise price by delivery of cash or check in an amount equal to the exercise price of such Options or by delivery of shares of Common Stock of the Company owned by the optionee for at least six months (valued at Fair Market Value) and, to the extent permitted by the Board at or after the award of the Option, may provide for payment by (A) delivery of other property acceptable to the Board (valued at fair market value), (B) delivery of a promissory note of the optionee to the Company on terms determined by the Board, (C) delivery of an irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price or delivery of irrevocable instructions to a broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price, (D) payment of such other lawful consideration as the Board may determine, or (E) any combination of the foregoing.

(v) The Board may provide for the automatic award of an Option upon the delivery of shares to the Company in payment of the exercise price of an Option for up to the number of shares so delivered.

(vi) The Board may at any time accelerate the time at which all or any part of an Option may be exercised.

Section 7. Stock Appreciation Rights

(a) The Board may grant Stock Appreciation Rights entitling recipients on exercise of the SAR to receive an amount, in cash or Stock or a combination thereof (such form to be determined by the Board), determined in whole or in part by reference to appreciation in the Fair Market Value of the Stock between the date of the Award and the exercise of the Award. A Stock Appreciation Right shall entitle the Participant to receive, with respect to each share of Stock as to which the SAR is exercised, the excess of the share's Fair Market Value on the date of exercise over its Fair Market Value on the date the SAR was granted.

(b) SARs may be granted in tandem with, or independently of, Options granted under the Plan. An SAR granted in tandem with an Option may be granted either at or after the time the Option is granted.

(c) When SARs are granted in tandem with Options, the following provisions shall apply:

(i) The SAR shall be exercisable only at such time or times, and to the extent, that the related Option is exercisable and shall be exercisable in accordance with the procedure required for exercise of the related Option.

(ii) The SAR shall terminate and no longer be exercisable upon the termination or exercise of the related Option, except that a SAR granted with respect to less than the full number of shares covered by an Option shall not be reduced until the number of shares as to which the related Option has been exercised or has terminated exceeds the number of shares not covered by the SAR.

(iii) The Option shall terminate and no longer be exercisable upon the exercise of the related SAR.

(d) An SAR not granted in tandem with an Option shall become exercisable at such time or times, and on such conditions, as the Board may specify.

(e) The Board may at any time accelerate the time at which all or any part of the SAR may be exercised.

(f) SARs may not be sold, pledged, assigned or transferred in any manner other than by will or by the laws of intestate succession, and may be exercised during the lifetime of grantee only by the Participant. Any transfer by the Participant of any SAR granted under the Plan shall void such SAR and the Company shall have no further obligation with respect to such SAR. No SAR shall be pledged or hypothecated in any way, nor shall any SAR be subject to execution, attachment or similar process.

(g) SARs granted pursuant to this Plan shall represent no more than unfunded unsecured contractual obligations of the Company and the Company shall have no obligation to set aside any assets to fund any SAR obligation. Amounts payable for SARs under the Plan shall be paid from the general funds of the Company, and the Participant and any Designated Beneficiary shall be no more than unsecured general creditors of the Company with no special or prior right to any assets of the Company for payment of any SAR obligations hereunder.

Section 8. Performance Shares

(a) The Board may make Performance Share Awards entitling recipients to acquire shares of Stock upon the attainment of specified performance goals. The Board may make Performance Share Awards independent of or in connection with the granting of any other Award under the Plan. The Board in its sole discretion shall determine the performance goals applicable under each such Award, the periods during which performance is to be measured, and all other limitations and conditions applicable to the awarded Performance Shares.

(b) A Participant receiving a Performance Share Award shall have the rights of a stockholder only as to shares actually received by the Participant under the Plan and not with respect to shares subject to an Award but not actually received by the Participant. Prior to receipt of shares pursuant to a Performance Share Award, the Performance Share Award shall represent an unfunded unsecured contractual obligation of the Company and the Company shall be under no obligation to set aside any assets to fund such Performance Share Award. A Participant shall be entitled to receive a stock certificate evidencing the acquisition of shares of Stock under a Performance Share Award only upon satisfaction of all conditions specified in the Agreement evidencing the Performance Share Award.

(c) The Board may at any time accelerate or waive any or all of the goals, restrictions or conditions imposed under any Performance Share Award.

(d) Performance Share Awards may not be sold, pledged, assigned or transferred in any manner other than by will or by the laws of intestate succession. Any transfer by the Participant of any Performance Share Award granted under the Plan shall void such Award and the Company shall have no further obligation with respect to such Award. No Performance Share Award shall be pledged or hypothecated in any way, nor shall any Performance Share Award be subject to execution, attachment or similar process.

Section 9. Restricted Stock

(a) The Board may grant Restricted Stock Awards entitling recipients to acquire shares of Stock, subject to the right of the Company to repurchase all or part of such shares at their purchase price (or to require forfeiture of such shares if purchased at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable Restricted Period or Restricted Periods established by the Board for such Award. Conditions for repurchase (or forfeiture) may be based on continuing employment or service or achievement of pre-established performance or other goals and objectives.

(b) Shares of Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered, except as permitted by the Board during the applicable Restricted Period. Shares of Restricted Stock shall be evidenced in such manner as the Board may determine. Any certificates issued in respect of shares of Restricted Stock shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the Restricted Period, the Company (or such designee) shall deliver such certificates to the Participant or if the Participant has died, to the Participants' Designated Beneficiary.

(c) The purchase price for each share of Restricted Stock shall be determined by the Board. Such purchase price may be paid in cash or such other lawful consideration as is determined by the Board.

(d) The Board may at any time accelerate the expiration of the Restricted Period applicable to all, or any particular, outstanding shares of Restricted Stock.

(e) Notwithstanding the foregoing, the Board may award to Participants Restricted Stock for services rendered or to be rendered by such Participant pursuant to the terms of any agreement between the Company and such Participant, which award is not requested to contain any repurchase rights or forfeiture provisions.

Section 10. General Provisions Applicable to Awards

(a) Maximum Term. No Award shall have a term exceeding ten years, measured from the date of the Award grant.

(b) Documentation. Each Award under the Plan shall be evidenced by an instrument delivered to the Participant specifying the terms and conditions thereof and containing such other terms and conditions not inconsistent with the provisions of the Plan as the Board considers necessary or advisable. Such instruments may be in the form of agreements to be executed by both the Company and the Participant, or certificates, letters or similar documents, acceptance of which shall evidence agreement to the terms thereof and of this Plan. The certificates representing the Stock issued pursuant to an Award granted under this Plan shall bear such legends as may be required by applicable law to give notice of restrictions on transfer of such shares.

(c) Change in Control. In the event that the Company or the division, subsidiary or other affiliated entity for which a Participant performs services is sold, merged, consolidated, reorganized or liquidated, all unvested Options immediately vest.

(d) Board Discretion. Each type of Award may be made alone, in addition to or in relation to any other type of Award. The terms of each type of Award need not be identical and the Board need not treat Participants uniformly. Except as otherwise provided by the Plan or a particular Award, any determination with respect to an Award may be made by the Board at the time of the Award grant or at any time thereafter.

(e) Termination of Status. The Board shall determine and specify in the Award documentation the effect on an Award of the disability, death, retirement, authorized leave of absence or other termination of employment or other status of a Participant and the extent to which, and the period during which, the Participant's legal representative, guardian or Designated Beneficiary may exercise rights under such Award.

(f) Dilutions and Other Adjustments. In the event of any stock dividend or split, issuance or repurchase of stock or securities convertible into or exchangeable for shares of stock, grants of options, warrants or rights to purchase stock, recapitalization, combination, exchange or similar change affecting the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company, the Board in its sole discretion may equitably adjust any or all of (i) the number and kind of shares in respect of which Awards may be made under the Plan, (ii) the number and kind of shares subject to outstanding Awards, and (iii) the award, exercise or conversion price with respect to any of the foregoing, and may make any other equitable adjustments or take such other equitable action as the Board, in its discretion, shall deem appropriate, including, if considered appropriate by the Board, making provision for a cash payment with respect to an outstanding Award. Such adjustments or actions shall be conclusive and binding for all purposes. In the event of a change in the Common Stock which is limited to a change in the designation thereof to "Capital Stock" or other similar designation, or to a change in the par value thereof, or from no par value to par value (or vice versa), without increase or decrease in the number of issued shares, the shares resulting from any such change shall be deemed to be Common Stock within the meaning of the Plan. For purposes hereof, the conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration."

In the event that the Company or the division, subsidiary or other affiliated entity for which a Participant performs services is sold, merged, consolidated, reorganized or liquidated, the Board may take any one or more of the following actions as to outstanding Awards: (i) provide that such Awards shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof) on such terms as the Board determines to be appropriate, (ii) upon written notice to Participants, provide that all unexercised Options or SARs shall terminate immediately prior to the consummation of such transaction unless exercised by the Participant within a specified period following the date of such notice, (iii) in the event of a sale or similar transaction under the terms of which holders of the Common Stock of the Company receive a payment for each share surrendered in the transaction (the "Sales Price"), make or provide for a payment to each Option and/or SAR holder equal to the amount by which (A) the Sales Price times the number of shares of Common Stock subject to Participant's outstanding, vested Options or SARs exceeds (B) the aggregate exercise price of all such outstanding, vested Options or SARs, in exchange for the termination of such Options or SARs, (iv) or make such other adjustments, if any, as the Board determines to be necessary or advisable to provide each Participant with a benefit substantially similar to that to which the Participant would have been entitled had such event not occurred.

(g) Withholding. The Participant shall pay to the Company, or make provision satisfactory to the Board for payment of, any taxes required by law to be withheld in respect of Awards under the Plan no later than the date of the event creating the tax liability. In the Board's discretion, and subject to such conditions as the Board may establish, such tax obligations may be paid in whole or in part in shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value. The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to the Participant.

(h) Foreign Nationals. Awards may be made to Participants who are foreign nationals or employed outside the United States on such terms and conditions different from those specified in the Plan as the Board considers necessary or advisable to achieve the purposes of the Plan and comply with applicable laws and/or achieve favorable tax results under foreign tax laws.

(i) Amendment of Award. The Board may amend, modify or terminate any outstanding Award, including substituting therefor another Award of the same or a different type, and changing the date of exercise or realization, provided that the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

(j) Conditions on Delivery of Stock. The Company shall not be obligated to deliver any shares of Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan (i) until all conditions of the Award have been satisfied or removed, (ii) until, in the opinion of the Company's counsel, all applicable federal and state laws and regulations have been complied with, and (iii) if the outstanding Stock is at the time listed on any stock exchange, until the shares to be delivered have been listed or authorized to be listed on such exchange upon official notice of issuance. If the sale of Stock has not been registered under the Securities Act of 1933, as amended, the Company may require, as a condition to exercise of the Award, such representations or agreements as the Company may consider appropriate to avoid violation of such Act and may require that the certificates evidencing such Stock bear an appropriate legend restricting transfer. Except to the extent as may be specified in the documentation with respect to a particular Award grant, the Company shall be under no obligation to register or qualify any shares of Common Stock subject to Awards under any federal or state securities law or on any exchange.

Section 11. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment by or the right to continue to provide services to the Company. The Company expressly reserves the right at any time to dismiss a Participant free from any liability or claim under the Plan, except as may be expressly provided in the applicable Award.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed under the Plan until he or she becomes the record holder thereof.

(c) No Restriction on the Right of the Company to Effect Corporate Changes. The Plan and the Options granted hereunder shall not affect in any way the right or power of Lixte or its stockholders to make or authorize any or all adjustments, recapitalization, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights of holders thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of Lixte or the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(d) Exclusion from Benefit Computations. Except as expressly specified in the applicable plan or program, no amount or shares of Common Stock payable upon exercise of an Award granted under the Plan shall be considered salary, wages or compensation for purposes of determining the amount or nature of benefits that a Participant is entitled to receive under any Company benefit plan or program.

(e) Effective Date and Term. This Plan shall become effective upon adoption by the Board provided, however, that no Award shall be exercisable unless and until written consent of the shareholders of the Company, or approval of shareholders of the Company voting at a validly called shareholders' meeting, is obtained within twelve months after adoption by the Board. If such shareholder approval is not obtained within such time, Awards granted hereunder shall terminate and be of no force and effect from and after expiration of such twelve-month period. Awards may be granted or exercised under this Plan only after there has been compliance with all applicable federal and state securities laws. No Award may be made under the Plan after the tenth anniversary of the Plan's effective date, but Awards granted before such date may extend beyond that date.

(f) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time; provided, however, that no amendment shall be made without stockholder approval if such approval is necessary to comply with any applicable tax or regulatory requirement. Prior to any such approval, Awards may be made under the Plan expressly subject to such approval.

(g) Delivery of Financial Statements. To the extent required by applicable laws, rules and regulations, the Company shall deliver to each Participant financial statements of the Company at least annually while such Participant holds an outstanding Award.

(h) Notices. Any notice to be given under the terms of the Plan shall be addressed to the Company in care of its Secretary at its principal office, and any notice to be given to a Participant shall be addressed to such Participant at the address maintained by the Company for such person or at such other address as the Participant may specify in writing to the Company.

(i) Governing Law. The provisions of the Plan shall be governed by and interpreted in accordance with the laws of the state of Delaware.

LIXTE BIOTECHNOLOGY HOLDINGS, INC.

By: _____

Name: John S. Kovach

Title: President

STOCK OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT ("Agreement") is made by and between LIXTE BIOTECHNOLOGY HOLDINGS, INC, a Delaware corporation (the "Company"), and _____ (the "Optionee").

NOW, THEREFORE, in consideration of the mutual benefit to be derived herefrom, the Company and Optionee agree as follows:

1. Grant of Option. The Company hereby grants to Optionee, subject to all the terms and provisions of the Stock Compensation Plan, as such Plan may be hereinafter amended, a copy of which is attached hereto and incorporated herein by this reference (the "Plan"), the right, privilege and option ("Option") to purchase _____ shares of its common stock ("Stock") at _____ per share, in the manner and subject to the conditions provided hereinafter and in the Plan and any amendments thereto and any rules and regulations thereunder.

2. Vesting and Exercise of Option. The Optionee shall be vested in _____ % of the total number of shares subject to the Option on the date of execution of this Agreement. Thereafter, the remaining shares subject to the Option (the "Vesting Shares") shall vest in the Optionee and may be exercised by the Optionee as to the percentage (to a maximum of 100%) of the Vesting Shares determined by multiplying the number of complete years that the Optionee has been in the employ of the Company since the date of execution of this Agreement by _____% for each complete year. Any exercise may be with respect to any part or all of the shares then vested and exercisable pursuant to such Option, provided that the minimum number of shares exercisable at any time shall not be less _____ shares or the balance of shares for which the Option is then exercisable.

3. Termination of Option. Except as otherwise provided in this Agreement or the Plan, to the extent not previously exercised, the Option shall terminate upon the first to occur of any of the following events:

a. _____, 20____, not to exceed 10 years from the date of the grant of the Option hereunder;

b. the date the Optionee ceases to be employed by the Company (including any Affiliate thereof as defined by the Plan), is no longer an officer or member of the Board of Directors of the Company or no longer performs services for the Company, for any reason (other than such Optionee's death or disability), any Option granted hereunder to such Optionee shall expire three months after the date of such termination. The Board shall, in its sole and absolute discretion, decide whether an authorized leave of absence or absence for military or governmental service, or absence for any other reason, shall constitute termination of eligibility for purposes of this Section. In the event the Optionee's termination results from the fact that the Optionee is "disabled," the Option shall expire one year after the date of such termination. Any option that has not vested in the Optionee as of the date of termination of employment or service with the Company, shall immediately expire and shall be null and void.

c. six months after the date of the Optionee's death. The Option may be exercised (subject to the condition that no Option shall be exercisable after its expiration and only to the extent that the Optionee's right to exercise such Option was vested at the time of the Optionee's death) at any time within six months after the Optionee's death by the executors or administrators of the Optionee or by any person or persons who shall have acquired the Option directly from the Optionee by bequest or inheritance. Any option that has not vested in the Optionee as of the date of death, shall immediately expire and shall be null and void.

d. the dissolution or liquidation of the Company; or

e. the breach by Optionee of any provision of the Plan or this Agreement.

4. Method of Exercise. An Option shall be exercised by written notice to the Company by the Optionee (or successor in the event of death). Such written notice shall state the number of shares with respect to which the Option is being exercised and designate a time, during normal business hours of the Company, for the delivery thereof ("Exercise Date"), which time shall be at least 30 days after the giving of such notice unless an earlier date shall have been mutually agreed upon. At the time specified in the written notice, the Company shall deliver to the Optionee at the principal office of the Company, or such other appropriate place as may be determined by the Board, a certificate or certificates for such shares. Notwithstanding the foregoing, the Company may postpone delivery of any certificate or certificates after notice of exercise for such reasonable period as may be required to comply with any applicable listing requirements of any securities exchange. In the event an Option shall be exercisable by any person other than the Optionee, the required notice under this Section shall be accompanied by appropriate proof of the right of such person to exercise the option. The option exercise price shall be payable in full on or before the option Exercise Date in any one of the following alternative forms:

a. Full payment in cash or certified bank or cashier's check;

b. A full recourse promissory note executed by the Optionee, made payable to the Company bearing interest at such rate as the Board shall determine, but in no case less than the “Applicable Federal Rate” at the time the note is executed applicable under the Code to obligations of the same duration. The note shall contain such terms and conditions as may be determined by the Board; provided, however, that the full principal amount of the note and all unpaid interest accrued thereon shall be due not later than five years from the date of exercise. The Company may obtain from the Optionee a security interest in all shares of Stock issued to the Optionee under the Plan for the purpose of securing payment under the note and shall retain possession of the stock certificates representing such shares in order to perfect its security interest;

c. Full payment in shares of Stock or other securities of the Company having a fair market value on the Exercise Date in the amount equal to the option exercise price;

d. A combination of the consideration set forth in Sections (a), (b) and (c) hereof equal to the option exercise price; or

e. Any other method of payment including, but not limited to, the delivery by Optionee of an irrevocable direction to a securities broker approved by the Company to sell the Stock and to deliver all or part of the sales proceeds to the Company in payment of all or part of the exercise price and any withholding taxes.

5. Restrictions on Exercise and Delivery. The exercise of each Option shall be subject to the condition that, if at any time the Board shall determine, in its sole and absolute discretion,

a. the satisfaction of any withholding tax or other withholding liabilities, is necessary or desirable as a condition of, or in connection with, such exercise or the delivery or purchase of Stock pursuant thereto,

b. the listing, registration, or qualification of any shares deliverable upon such exercise is desirable or necessary, under any state or federal law, as a condition of, or in connection with, such exercise or the delivery or purchase of shares pursuant thereto, or

c. the consent or approval of any regulatory body is necessary or desirable as a condition of, or in connection with, such exercise or the delivery or purchase of shares pursuant thereto,

then in any such event, such exercise shall not be effective unless such withholding, listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. Optionee shall execute such documents and take such other actions as are required by the Board to enable it to effect or obtain such withholding, listing, registration, qualification, consent or approval. Neither the Company nor any officer or member of the Board or the Committee, shall have any liability with respect to the non-issuance or failure to sell shares as the result of any suspensions of exercisability imposed pursuant to this Section.

6. Nonassignability. Options may not be sold, pledged, assigned or transferred in any manner other than by will or by the laws of intestate succession, and may be exercised during the lifetime of Optionee only by Optionee. Any transfer by Optionee of any Option granted under the Plan or this Agreement shall void such Option and the Company shall have no further obligation with respect to such Option. No Option shall be pledged or hypothecated in any way, nor shall any Option be subject to execution, attachment or similar process.

7. Restrictive Legends. Each certificate evidencing the shares acquired upon exercise of an Option hereunder, including any certificate issued to any transferee thereof, shall be imprinted with legends substantially in the form set forth in the Plan.

8. Rights as Shareholder. Neither Optionee nor his executor, administrator, heirs or legatees, shall be, or have any rights or privileges of a shareholder of the Company in respect of the Stock unless and until certificates representing such Stock shall have been issued in Optionee's name.

9. No Right of Employment. Neither the grant nor exercise of any Option nor anything in the Plan or this Agreement shall impose upon the Company or any other corporation any obligation to employ or continue to employ any Optionee. The right of the Company and any other corporation to terminate any employee shall not be diminished or affected because an Option has been granted to such employee.

10. Definitions. Capitalized terms shall have the meaning set forth in the Plan unless otherwise defined herein.

11. Notices. Any notice to be given under the terms of this Agreement shall be addressed to the Company in care of its Secretary at its principal office, and any notice to be given to Optionee shall be addressed to such Optionee at the address maintained by the Company for such person or at such other address as the Optionee may specify in writing to the Company.

12. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Optionee, his heirs and successors, and of the Company, its successors and assigns.

13. Governing Law. This Agreement shall be governed by the laws of the State of Delaware.

14. Application of Plan. The Company has delivered and the Optionee hereby acknowledges receipt of a copy of the Plan. The parties agree and acknowledge that the Option granted hereunder is granted pursuant to the Plan and subject to the terms and provisions thereof, and the rights of the Optionee are subject to modifications and termination in certain events as provided in the Plan.

IN WITNESS WHEREOF, this Agreement is effective as of, and the date of grant shall be _____.

LIXTE BIOTECHNOLOGY HOLDINGS, INC

By: _____

Title:_____

OPTIONEE

Exhibit 31

CERTIFICATIONS

I, John S. Kovach, Chief Executive Officer and Chief Financial Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB of Lixte Biotechnology Holdings, Inc.;

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

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

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

   b. omitted;

   c. evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: August 13, 2007

By: /s/ JOHN S. KOVACH

John S. Kovach
Chief Executive Officer and Chief Financial Officer
(Principal financial and accounting officer)

Exhibit 32

Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the filing of the Quarterly Report on Form 10-QSB for the Quarterly Period Ended June 30, 2007 (the "Report") by Lixte Biotechnology Holdings, Inc., the undersigned hereby certifies that:

1. The Report complies in all material respects with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Registrant.

Date: August 13, 2007

By: /s/ JOHN S. KOVACH

John S. Kovach
Chief Executive Officer and Chief Financial Officer
(Principal financial and accounting officer)