2U, Inc.
Form 424B5
May 23, 2018

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-207088

Title of Each Class of Securities to be Registered	**Amount to be Registered**[1]	**Proposed Maximum Offering Price Per Security**	**Proposed Maximum Aggregate Offering Price**	**Amount of Registration Fee**[2]
Common Stock, par value $0.001 per share	3,833,334	$90	$345,000,060	$42,953

(1) Includes 500,000 shares of common stock, par value $0.001 per share, that may be purchased by the underwriters upon exercise of the underwriters' option to purchase additional shares.

(2) Calculated in accordance with Rule 456(b) and 457(r) of the Securities Act of 1933.

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PROSPECTUS SUPPLEMENT
(To Prospectus dated September 23, 2015)

3,333,334 Shares

2U, Inc.

We are offering 3,333,334 shares of our common stock.

Our common stock is listed on the Nasdaq Global Select Market under the symbol "TWOU." The last reported trading price of our common stock on May 22, 2018 was $91.64.

Investing in our common stock involves risks. See "Risk Factors" beginning on page S-6 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2017 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, which are incorporated herein by reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Price to the public	$90.000	$300,000,060
Underwriting discount(1)	$3.789	$12,630,003
Proceeds, before expenses	$86.211	$287,370,057

(1) The underwriters will receive compensation in addition to the underwriting discount. See "Underwriting" beginning on page S-17 of this prospectus supplement for a description of the compensation paid to the underwriters.

We have granted the underwriters an option to purchase up to an additional 500,000 shares of our common stock at the price to the public less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on May 25, 2018.

Goldman Sachs & Co. LLC

Credit Suisse

Citigroup

Compass Point **KeyBanc Capital Markets**

Macquarie Capital

Prospectus Supplement dated May 22, 2018.

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We have not, and the underwriters have not, authorized any dealer, salesperson or other person to give any information or to make any representation other than those contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any free writing prospectus that may be provided to you by us or on our behalf. You must not rely upon any information or representation not contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any free writing prospectus that may be provided to you. This prospectus supplement, the accompanying prospectus and any such free writing prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate. Nor do this prospectus supplement, the accompanying prospectus or any such free writing prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any

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jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus, the documents incorporated herein and therein by reference and any such free writing prospectus is correct on any date after their respective dates, even though this prospectus supplement, the accompanying prospectus and any such free writing prospectus are delivered or securities are sold on a later date. Our business, financial condition, results of operations and cash flows may have changed since those dates.

For investors outside the United States: We have not and the underwriters have not done anything that would permit this offering or possession or distribution of this prospectus supplement, the accompanying prospectus or any applicable free writing prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons who come into possession of this prospectus supplement, the accompanying prospectus and any applicable free writing prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus supplement, the accompanying prospectus and any such free writing prospectus applicable to that jurisdiction.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of our shares and also adds to and updates information contained in the accompanying prospectus as well as the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, dated September 23, 2015, which we refer to as the "accompanying prospectus," which gives more general information about our shares that we and/or certain selling stockholders may offer from time to time. Generally, when we refer to "this prospectus" in this prospectus supplement we are referring to both this prospectus supplement and the accompanying prospectus combined. This prospectus incorporates by reference important business and financial information about us that is not included in or delivered with this prospectus. You should read both this prospectus supplement and the accompanying prospectus together with the additional information we have referred you to in the sections of this prospectus supplement and the accompanying prospectus entitled "Where You Can Find More Information."

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any free writing prospectus provided by us or on our behalf. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document that has previously been filed with the Securities and Exchange Commission, or the SEC, and is incorporated into this prospectus supplement by reference, on the other hand, the information in this prospectus supplement shall control. We have not, and the underwriters have not, authorized any other person to provide you with different information or representations.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference herein were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

INDUSTRY AND MARKET DATA

In this prospectus supplement and the accompanying prospectus, we rely on and refer to information and statistics regarding market data and the industries of our businesses and investments obtained from market research, independent industry publications and other publicly available information. We believe this information is reliable but we have not independently verified it. In addition, we have made statements in this prospectus supplement regarding our industry and our position in the industry based on our experience in the industry and our own evaluation of market conditions.

FORWARD-LOOKING STATEMENTS

This prospectus supplement contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and which are subject to substantial risks and uncertainties. In some cases, you can identify forward-looking statements by the words "may," "might," "will," "could," "would," "should," "expect," "intend," "plan," "objective," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue" and "ongoing," or the negative of these terms, or other comparable terminology intended to identify statements about the future. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or

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implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this prospectus supplement, we caution you that these statements are based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain. Forward-looking statements include statements about:

- trends in the higher education market and the market for online education, and expectations for growth in those markets;
- the acceptance, adoption and growth of online learning by colleges and universities, faculty, students, employers, accreditors and state and federal licensing bodies;
- our ability to comply with evolving regulations and legal obligations related to data privacy, data protection and information security;
- our expectations about the potential benefits of our cloud-based software-as-a-service, or SaaS, technology and technology-enabled services to university clients and students;
- our dependence on third parties to provide certain technological services or components used in our platform;
- our ability to meet the anticipated launch dates of our graduate programs and short courses;
- our expectations about the predictability, visibility and recurring nature of our business model;
- our ability to acquire new university clients and expand our graduate programs and short courses with existing university clients;
- our ability to successfully integrate the operations of Get Educated International Proprietary Limited, or GetSmarter, achieve the expected benefits of the acquisition and manage, expand and grow the combined company;
- our ability to execute our growth strategy in the international, undergraduate and non-degree alternative markets;
- our ability to continue to acquire prospective students for our graduate programs and short courses;
- our ability to affect or increase student retention in our graduate programs;
- our expectations about the scalability of our cloud-based platform;
- our expectations regarding future expenses in relation to future revenue;
- potential changes in regulations applicable to us or our university clients; and

our expectations regarding the amount of time our cash balances and other available financial resources will be sufficient to fund our operations.

You should refer to the risks described in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017 and in Part II, Item 1A "Risk Factors" of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this prospectus supplement will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified timeframe, or at all. We undertake no obligation to publicly update any forward-looking

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statements, whether as a result of new information, future events or otherwise, except as required by law.

You should read this prospectus supplement completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

NON-GAAP FINANCIAL MEASURES

To supplement our consolidated financial statements, which are prepared and presented in accordance with U.S. generally accepted accounting principles ("GAAP"), we use adjusted EBITDA, adjusted EBITDA margin, adjusted net income (loss) and adjusted net income (loss) per share, which are non-GAAP financial measures.

We define adjusted EBITDA as net income or net loss, as applicable, before net interest income (expense), taxes, depreciation and amortization, foreign currency gains or losses, acquisition-related gains or losses and stock-based compensation expense. Some or all of these items may not be applicable in any given reporting period. Adjusted EBITDA margin represents adjusted EBITDA as a percentage of revenue.

We define adjusted net income (loss) as net income or net loss, as applicable, before foreign currency gains or losses, acquisition-related gains or losses and stock-based compensation expense. Adjusted net income (loss) per share is calculated as adjusted net income (loss) divided by diluted weighted-average shares of common stock outstanding for periods which result in adjusted net income, and basic weighted-average shares outstanding for periods which result in an adjusted net loss.

The principal limitation of these non-GAAP financial measures is that they exclude significant expenses that are required by GAAP to be recorded in our financial statements. These non-GAAP measures are key metrics our management uses to compare our performance to that of prior periods for trend analyses and for budgeting and planning purposes. These measures also provide useful information to investors and analysts relating to our financial condition and results of operations. These financial measures are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. In addition, these financial measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes.

For more information on our non-GAAP financial measures and reconciliations of such measures to the nearest GAAP measures, see footnote 1 to the section entitled "Summary Consolidated Financial Data." We urge investors to review these reconciliations and not to rely on any single financial measure to evaluate our business.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information incorporated by reference into or contained elsewhere in this prospectus supplement and the accompanying prospectus. This summary may not contain all of the information that may be important to you. You should read carefully all of the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus, including the information set forth under the caption "Risk Factors" beginning on page S-6 of this prospectus supplement and page 2 of the accompanying prospectus, and our consolidated financial statements and the related notes thereto incorporated by reference herein before making a decision to invest in our shares.

Except as otherwise specified, "2U," "the Company," "we," "us," and "our" refer to 2U, Inc.

Company Overview

We are a leading education technology company that well-recognized nonprofit colleges and universities trust to bring them into the digital age. Our comprehensive platform of tightly integrated technology and services provides the digital infrastructure universities need to attract, enroll, educate and support students at scale. With our platform, students can pursue their education anytime, anywhere, without quitting their jobs or moving; and university clients can improve educational outcomes, skills attainment and career prospects for a greater number of students.

We have two reportable segments: the Graduate Program Segment and the Short Course Segment.

- Our Graduate Program Segment provides services to well-recognized nonprofit colleges and universities, primarily in the United States, to enable the online delivery of graduate programs. We target students seeking a full graduate degree of the same quality they would receive on-campus.

- Our Short Course Segment provides premium online short courses to working professionals in more than 150 countries. We target working professionals seeking career advancement through skills attainment.

Our core strategy is to launch graduate programs and short courses with new and existing university clients and to increase student enrollments across our portfolio of offerings. We are also committed to continuously improving our platform to deliver high-quality university and student experiences and outcomes at scale.

Corporate Information

Our principal executive offices are located at 7900 Harkins Road, Lanham, Maryland 20706. Our telephone number is (301) 892-4350. Our website address is *www.2u.com*. The information contained on, or that can be accessed through our website is not incorporated by reference into this prospectus supplement, and you should not consider any information contained on, or that can be accessed through, our website as part of this prospectus supplement or in deciding whether to purchase our common stock.

"2U", the 2U logo, and other trademarks or service marks of 2U, Inc. appearing in this prospectus are the property of 2U, Inc. This prospectus contains additional trade names, trademarks and service marks of others, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or TM symbols.

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THE OFFERING

Common stock offered	3,333,334 shares.
Option to purchase additional shares of common stock	The underwriters have an option to purchase a maximum of an additional 500,000 shares from us. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.
Number of shares to be outstanding after this offering	56,736,229 shares.[(1)]
Use of proceeds	We intend to use the net proceeds to us from this offering for working capital and other general corporate purposes, including expenditures for program and short course marketing, technology, and content development, in connection with new program and short course launches and growing existing programs and short courses as well as the strategic acquisitions of, or investment in, complementary products, technologies, solutions or businesses. See the "Use of Proceeds" section of this prospectus supplement for additional information.
Risk factors	An investment in our shares is subject to risks. Please refer to "Risk Factors," "Forward-Looking Statements" and other information included in or incorporated by reference into this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before investing in our shares.
Nasdaq Global Select Market symbol	Our common stock is listed on the Nasdaq Global Select Market under the symbol "TWOU."
Transfer agent and registrar	American Stock Transfer & Trust Company, LLC.
Settlement date	Delivery of the shares will be made against payment therefor on or about May 25, 2018.

(1) The number of shares of common stock outstanding immediately after this offering that appears above is based on 53,402,895 shares of our common stock outstanding as of May 18, 2018 plus the 3,333,334 shares that we are offering pursuant to this prospectus supplement, but excluding:

- 500,000 shares of our common stock issuable on the exercise of the underwriters' option to purchase additional shares of our common stock in this offering;
- an aggregate of approximately 12,116,445 shares of our common stock reserved for issuance under various share-based and deferred compensation plans and awards as of May 18, 2018; and
- 1,000,000 shares available for future issuance under our employee stock purchase plan.

Except as otherwise noted, all information in this prospectus supplement assumes that the underwriters' option to purchase additional shares is not exercised.

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SUMMARY CONSOLIDATED FINANCIAL DATA

In the tables below, we provide you with summary consolidated financial data of 2U, Inc. for the periods indicated. We have derived the following summary consolidated statement of operations and comprehensive loss for the three months ended March 31, 2018 and the summary consolidated balance sheet data as of March 31, 2018 from our unaudited consolidated financial statements incorporated by reference herein, which have been prepared on the same basis as our audited consolidated financial statements and include all adjustments necessary to present fairly the information set forth therein.

We have derived the following summary consolidated statement of operations and comprehensive loss for the year ended December 31, 2017 and the summary consolidated balance sheet data as of December 31, 2017 from our audited consolidated financial statements incorporated by reference herein. Our audited consolidated financial statements have been audited by KPMG LLP, an independent registered public accounting firm. Our historical results are not necessarily indicative of the results to be expected in the future and the results for any interim period are not necessarily indicative of the results to be expected in the full year.

This information is only a summary and should be read in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference into this prospectus supplement and the accompanying prospectus and the historical consolidated financial statements and the notes thereto referred to above. See "Where You Can Find More Information" in this prospectus supplement and the accompanying prospectus.

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Consolidated Statement of Operations and Comprehensive Loss

(in thousands, except share and per share amounts)	Three Months Ended March 31, 2018	Year Ended December 31, 2017
	(unaudited)	
Revenue	$ 92,288	$ 286,752
Costs and expenses:		
Curriculum and teaching	4,307	6,609
Servicing and support	15,233	50,767
Technology and content development	13,840	45,926
Marketing and sales	53,058	150,923
General and administrative	21,869	62,665
Total costs and expenses	108,307	316,890
Loss from operations	(16,019)	(30,138)
Interest income	342	371
Interest expense	(27)	(87)
Other income (expense), net	(395)	(866)
Loss before income taxes	(16,099)	(30,720)
Income tax benefit	1,228	1,297
Net loss	$ (14,871)	$ (29,423)
Net loss per share, basic and diluted	(0.28)	(0.60)
Weighted-average shares of common stock outstanding, basic and diluted	52,687,299	49,062,611
Other comprehensive loss		
Foreign currency translation adjustments, net of tax of $0 for all periods presented	4,632	5,326
Comprehensive loss	$ (10,239)	$ (24,097)
Other Financial Data (unaudited):		
Adjusted EBITDA (loss)[1]	$ (1,522)	$ 11,416

(1) Adjusted EBITDA is a financial measure not in accordance with GAAP. See "Non-GAAP Financial Measures."

Consolidated Balance Sheet Data

(in thousands)

	As of March 31, 2018	As of December 31, 2017
	(unaudited)	
Cash and cash equivalents	$ 182,110	$ 223,370
Accounts receivable, net	40,290	14,174
Total assets	504,108	482,062
Total liabilities	118,275	94,230
Additional paid-in capital	596,529	588,289
Total stockholders' equity	385,833	387,832

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The following table presents a reconciliation of net loss to adjusted EBITDA (loss) for each of the periods indicated:

(in thousands)	Three Months Ended March 31, 2018	Year Ended December 31, 2017
Net loss	$ (14,871)	$ (29,423)
Adjustments:		
Interest income	(342)	(371)
Interest expense	27	87
Foreign currency loss	395	866
Depreciation and amortization expense	7,375	19,624
Income tax benefit	(1,228)	(1,297)
Stock-based compensation expense	7,122	21,930
Total adjustments	13,349	40,839
Adjusted EBITDA (loss)	$ (1,522)	$ 11,416

RISK FACTORS

Investing in our common stock involves a high degree of risk. We urge you to carefully consider the risk factors described below and those included in the accompanying prospectus and in the documents incorporated herein and therein by reference, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 as well as other information, before reaching a decision regarding an investment in our common stock. Before you invest in our common stock, you should carefully consider the following risks, as well as general economic and business risks, and all of the other information contained in this prospectus supplement and the accompanying prospectus. Any of the risks described could have a material adverse effect on our business, operating results and financial condition and cause the trading price of our common stock to decline, which would cause you to lose all or part of your investment. When determining whether to invest, you should also refer to the other information contained in this prospectus supplement, including our consolidated financial statements and the related notes thereto.

Risks Relating to Ownership of our Common Stock

The trading price of the shares of our common stock may be volatile, and purchasers of our common stock could incur substantial losses.

Our stock price may be volatile. The stock market in general and the market for technology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may not be able to sell their common stock at or above the price paid for the shares. The market price for our common stock may be influenced by many factors, including:

- actual or anticipated variations in our operating results;
- changes in financial estimates by us or by any securities analysts who might cover our stock;
- conditions or trends in our industry;
- stock market price and volume fluctuations of comparable companies and, in particular, those that operate in the software and information technology industries;
- announcements by us or our competitors of new product or service offerings, significant acquisitions, strategic partnerships or divestitures;
- announcements of investigations or regulatory scrutiny of our operations or lawsuits filed against us;
- capital commitments;
- investors' general perception of our company and our business;
- recruitment or departure of key personnel; and
- sales of our common stock, including sales by our directors and officers or specific stockholders.

In addition, in the past, stockholders have initiated class action lawsuits against technology companies following periods of volatility in the market prices of these companies' stock. Such litigation, if instituted against us, could cause us to incur substantial costs and divert

management's attention and resources from our business.

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A significant portion of our total outstanding shares may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. If our stockholders sell, or the market perceives that our stockholders intend to sell, substantial amounts of our common stock in the public market, the market price of our common stock could decline significantly.

The holders of a significant portion of shares of our common stock, or their transferees, have rights, subject to some conditions, to require us to file one or more registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. If we were to register the resale of these shares, they could be freely sold in the public market. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common stock. The failure by our management to apply these funds effectively could result in financial losses that could adversely affect our ability to operate and grow our business.

If you purchase shares of common stock in this offering, you will suffer immediate dilution in the book value of your investment.

The public offering price of our common stock is substantially higher than the net tangible book value per share of our common stock. Therefore, if you purchase shares of our common stock in this offering, you will pay a price per share that substantially exceeds our net tangible book value per share after this offering.

You may experience future dilution as a result of future equity offerings.

In the future, we may offer additional shares of our common stock or other securities convertible into or exchangeable for our common stock in order to raise additional capital. We cannot assure you that we will be able to sell shares or other securities in any other offering at a price per share that is equal to or greater than the price per share paid by investors in this offering. Investors purchasing shares or other securities in the future could have rights, preferences or privileges senior to those of existing stockholders and you may experience dilution. You may incur additional dilution upon the exercise of any outstanding stock options or vesting of restricted stock awards and restricted stock units.

Because we do not expect to pay any dividends on our common stock for the foreseeable future, investors in this offering may never receive a return on their investment.

You should not rely on an investment in our common stock to provide dividend income. We do not anticipate that we will pay any cash dividends to holders of our common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing operations. In addition, our ability to pay cash dividends is currently limited by the terms of our credit facility, which prohibits our payment of dividends on our capital stock without prior consent, and any future credit facility may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not purchase our common stock.

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USE OF PROCEEDS

We estimate that our net proceeds from this offering, after underwriting discounts and estimated offering expenses, will be approximately $287.6 million (or approximately $330.8 million if the underwriters' option to purchase additional shares is exercised in full). We intend to use the net proceeds from this offering for working capital and other general corporate purposes, including expenditures for program and short course marketing, technology, and content development, in connection with new program and short course launches and growing existing programs and short courses as well as the strategic acquisitions of, or investment in, complementary products, technologies, solutions or businesses.

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MARKET PRICE OF COMMON STOCK

Our common stock is listed on the Nasdaq Global Select Market under the symbol "TWOU". The following table sets forth for the periods indicated the high and low intra-day sale prices per share of our common stock as reported on the Nasdaq Global Select Market:

	High	Low
2016		
First Quarter 2016	27.50	14.94
Second Quarter 2016	29.87	21.76
Third Quarter 2016	38.91	28.78
Fourth Quarter 2016	38.49	29.34
2017		
First Quarter 2017	40.38	29.23
Second Quarter 2017	48.40	39.38
Third Quarter 2017	56.12	44.69
Fourth Quarter 2017	69.27	55.23
2018		
First Quarter 2018	91.00	61.75
Second Quarter 2018 (through May 22, 2018)	98.58	77.36

On May 22, 2018, the last reported sale price of our common stock on the Nasdaq Global Select Market was $91.64 per share. As of May 22, 2018, we had 38 holders of record of our common stock. The actual number of holders of common stock is greater than this number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and nominees. The number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

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DIVIDEND POLICY

We have never declared or paid any dividends on our common stock. We anticipate that we will retain all of our future earnings, if any, for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Additionally, our ability to pay dividends on our common stock is limited by restrictions under the terms of the agreements governing our credit facility, and the terms of any future loan agreement into which we may enter or any additional debt securities we may issue are likely to contain similar restrictions on the payment of dividends.

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CAPITALIZATION

The following sets forth our capitalization as of March 31, 2018 (i) on an actual basis and (ii) on an as adjusted basis, giving effect to the offering and the receipt of the estimated net proceeds to us therefrom. You should read this table in conjunction with other sections of this prospectus supplement, the accompanying prospectus and any documents that are incorporated by reference herein and therein, including our consolidated financial statements and the notes thereto.

	As of March 31, 2018	
	Actual	**As Adjusted**
	(unaudited, in thousands, except share and per share amounts)	
Cash and cash equivalents	$ 182,110	$ 469,746
Deferred government grant obligations	3,500	3,500
Stockholders' equity:		
Preferred stock, $0.001 par value, 5,000,000 shares authorized, 0 shares issued and outstanding, actual and as adjusted		
Common stock, $0.001 par value, 200,000,000 shares authorized, 52,846,016 shares issued and outstanding, actual, and 56,179,350 shares issued and outstanding, as adjusted	53	56
Additional paid-in capital	596,529	884,162
Accumulated deficit	(220,707)	(220,707)
Accumulated other comprehensive income	9,958	9,958
Total stockholders' equity	385,833	673,469
Total capitalization	$ 389,333	$ 676,969

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DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the amount per share paid by purchasers of shares of common stock in this public offering and the as adjusted net tangible book value per share of our common stock immediately after this offering.

As of March 31, 2018, our net tangible book value was approximately $195.8 million, or $3.71 per share of common stock based on approximately 52,846,016 shares of our common stock then outstanding. Net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the shares of common stock outstanding at March 31, 2018. After giving effect to the sale of 3,333,334 shares of common stock in this offering at the public offering price of $90.00 per share, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value at March 31, 2018 would have been approximately $483.5 million, or $8.61 per share of common stock. This represents an immediate increase in as adjusted net tangible book value of $4.90 per share to existing stockholders and an immediate dilution of $81.39 per share to new investors.

The following table illustrates this dilution:

Public offering price per share		$ 90.00
Net tangible book value per share as of March 31, 2018	$ 3.71	
Increase per share attributable to this offering	4.90	
As adjusted net tangible book value per share after giving effect to this offering		8.61
Net tangible book value dilution per share to investors in this offering		$ 81.39

If the underwriters exercise in full their option to purchase an additional 500,000 shares, the as adjusted net tangible book value per share after giving effect to this offering would be $9.29 per share and the dilution in net tangible book value per share to investors in this offering would be $80.71 per share.

The foregoing calculations are based on 52,846,016 shares of our common stock outstanding as of March 31, 2018, and exclude:

- 4,334,612 shares of common stock issuable upon the exercise of outstanding stock options as of March 31, 2018, with a weighted-average exercise price of $15.12 per share;

- 1,281,880 shares of common stock issuable upon the vesting of restricted stock units, outstanding as of March 31, 2018;

- 1,000,000 shares of common stock available for future issuance under our employee stock purchase plan as of March 31, 2018; and

- 7,056,832 shares of common stock reserved for future issuance under our 2014 Equity Incentive Plan as of March 31, 2018, plus annual increases thereunder.

- 646,793 shares of common stock issuable upon the exercise of outstanding stock options granted after March 31, 2018, with a weighted-average exercise price of $84.39 per share;

- 376,634 shares of common stock issuable upon the vesting of restricted stock units, granted after March 31, 2018;

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U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a summary of the U.S. federal income tax considerations generally applicable to the ownership and disposition of common stock acquired in this offering by a Non-U.S. Holder (as defined below) as of the date hereof. This summary is based on the provisions of the Internal Revenue Code of 1986, as amended, which we refer to as the "Code," applicable U.S. Treasury regulations, judicial opinions, and administrative rulings and published positions of the Internal Revenue Service ("IRS"), each as in effect as of the date hereof. These authorities are subject to change, possibly on a retroactive basis, and any such change could affect the accuracy of the statements and conclusions set forth in this summary.

For purposes of this summary, a "Non-U.S. Holder" means a beneficial owner of our common stock that is, for U.S. federal income tax purposes, neither a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) nor any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation) created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons with respect to all of its substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. A holder of our common stock that is a partnership and partners in such a partnership are urged to consult their tax advisors about the U.S. federal income tax considerations applicable to them in their particular circumstances.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to particular Non-U.S. Holders in light of their individual circumstances, including Non-U.S. Holders that are subject to special rules, such as holders that own, or are deemed to own, more than 5% of our capital stock (except to the extent specifically set forth below), U.S. expatriates, banks or other financial institutions, insurance companies, brokers or dealers in securities or currencies, traders that elect to mark-to-market their securities, controlled foreign corporations, passive foreign investment companies, Non-U.S. Holders subject to the alternative minimum tax, or Non-U.S. Holders who hold shares of our common stock as part of a straddle, hedge, conversion transaction or other integrated investment. Such Non-U.S. Holders should consult their tax advisors to determine the U.S. federal, state, local and non-U.S. tax considerations applicable to the ownership and disposition of our common stock that may be relevant to them.

This summary does not discuss other U.S. federal tax consequences (e.g., estate or gift tax), any state, local, or non-U.S. tax considerations or the Medicare tax imposed on certain net investment income. In addition, this summary applies only to Non-U.S. Holders that hold our common stock as a capital asset within the meaning of the Code (generally, property held for investment purposes).

EACH NON-U.S. HOLDER SHOULD CONSULT ITS TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF OWNING AND DISPOSING OF OUR COMMON STOCK.

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Distributions on Our Common Stock

Distributions with respect to our common stock will be treated as dividend income to the extent such distributions are paid from our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. If a distribution exceeds our current and accumulated earnings and profits, the excess will generally be treated first as a return of capital to the extent of the Non-U.S. Holder's adjusted tax basis in our common stock (and will reduce the Non-U.S. Holder's basis in such common stock) and thereafter as capital gain from the sale or exchange of such common stock, subject to the tax treatment described below in " Sale, Exchange, or Other Taxable Disposition of Common Stock." Generally, the gross amount of dividends paid to Non-U.S. Holders will be subject to withholding of U.S. federal income tax at a rate of 30% or at a lower rate if an applicable income tax treaty so provides and we (or our agent) have received proper certification as to the application of that treaty.

Dividends that are "effectively connected" with a Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment of the Non-U.S. Holder) are generally subject to U.S. federal income tax on a net basis at regular graduated rates, in the same manner as if the Non-U.S. Holder were a United States person (as defined in the Code), and are exempt from the 30% withholding tax described above, provided that certain certification requirements are satisfied. Any such effectively connected dividends received by a Non-U.S. Holder that is a corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

To claim the benefits of an applicable income tax treaty or an exemption from withholding because the income is effectively connected with the conduct of a trade or business in the United States, a Non-U.S. Holder will generally be required to provide a properly executed Internal Revenue Service ("IRS") Form W-8BEN or W-8BEN-E (if the holder is claiming the benefits of an income tax treaty) or IRS Form W-8ECI (for income effectively connected with the conduct of a trade or business in the United States) or other suitable form. A Non-U.S. Holder eligible for a reduced rate of withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under an applicable income tax treaty and the specific manner of claiming the benefits of the treaty.

Sale, Exchange, or Other Taxable Disposition of Common Stock

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax with respect to gain realized on the sale, exchange, or other taxable disposition of our common stock, unless:

- in the case of a Non-U.S. Holder that is a non-resident alien individual, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange, or other taxable disposition, and certain other conditions are met;

- the gain is "effectively connected" with such Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable treaty, the gain is attributable to a U.S. permanent establishment of such Non-U.S. Holder); or

- we are or have been a "United States real property holding corporation" for U.S. federal income tax purposes at any time within the shorter of the five-year period ending on the date of such sale, exchange, or other taxable disposition or the period that such Non-U.S. Holder held such common stock and either (a) our common stock was not treated as regularly traded on an established securities market during a relevant period in the calendar year in which the sale,

exchange, or other taxable disposition occurs, or (b) such Non-U.S. Holder owns or owned (actually or constructively) more than 5% of our common stock at any time during the shorter of the two periods described above.

Although there can be no assurance, we do not believe that we are, or have been, and we do not anticipate becoming, a "United States real property holding corporation" for U.S. federal income tax purposes.

If gain realized on the sale, exchange, or other taxable disposition of our common stock is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable tax treaty, is attributable to a U.S. permanent establishment of such Non-U.S. Holder), such Non-U.S. Holder will generally be subject to U.S. federal income tax on the net gain from the disposition of our common stock at regular graduated rates in the same manner as if such Non-U.S. Holder were a United States person as defined in the Code. In the case of a Non-U.S. Holder that is a foreign corporation, such gain may also be subject to an additional branch profits tax rate of 30% (or a lower applicable treaty rate). If a Non-U.S. Holder is an individual that is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met, the Non-U.S. Holder will generally be subject to U.S. federal income tax at a rate of 30% (unless otherwise provided by an applicable treaty) on any capital gain recognized on the disposition of our common stock, which may be offset by certain U.S.-source capital losses.

Foreign Account Tax Compliance Act

Withholding at a rate of 30% will generally be required in certain circumstances on dividends in respect of, and, after December 31, 2018, gross proceeds from the sale or other disposition of, shares of our common stock held by or through certain financial institutions (including investment funds), unless such institution (i) enters into, and complies with, an agreement with the IRS to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution that are owned by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold on certain payments, (ii) if required under an intergovernmental agreement between the United States and an applicable foreign country, reports such information to its local tax authority, which will exchange such information with the U.S. authorities or (iii) qualifies for an exemption. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Accordingly, the entity through which our common stock is held will affect the determination of whether such withholding is required. Similarly, dividends in respect of, and, after December 31, 2018, gross proceeds from the sale or other disposition of, our common stock held by a Non-U.S. Holder that is a non-financial non-U.S. entity that does not qualify under certain exceptions generally will be subject to withholding at a rate of 30%, unless such entity either (x) certifies to the applicable withholding agent that such entity does not have any "substantial United States owners" or (y) provides certain information regarding the entity's "substantial United States owners," which information the applicable withholding agent will be required in turn to provide to the U.S. Department of Treasury. Prospective investors should consult their tax advisors regarding the possible implications of these rules on their investment in our common stock.

Information Reporting and Backup Withholding

Non-U.S. Holders will generally be required to comply with certain certification procedures to establish that they are not U.S. persons in order to avoid backup withholding with respect to dividends paid to such Non-U.S. Holders on our common stock or, depending on the circumstances, the proceeds received by such Non-U.S. Holders on the sale, exchange, or other taxable disposition of our common stock. In addition, we are required to report annually to the IRS and to each Non-U.S. Holder the amount of any dividends paid to such Non-U.S. Holder, regardless of whether any tax was actually withheld. Copies of the information returns reporting such dividends and the amount withheld may also

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be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. Non-U.S. Holders will generally be required to comply with certain certification procedures to establish that they are not U.S. persons in order to avoid information reporting with respect to proceeds received by such Non-U.S. Holders on the sale, exchange, or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related financial intermediaries.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will generally be allowed as a credit against such Non-U.S. Holder's U.S. federal income tax liability, which may entitle the Non-U.S. Holder to a refund, provided that the Non-U.S. Holder timely provides certain required information to the IRS.

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UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC and Credit Suisse Securities (USA) LLC are the representatives of the underwriters.

Underwriter Name	Underwriting Amount
Goldman Sachs & Co. LLC	1,133,334
Credit Suisse Securities (USA) LLC	1,133,334
Citigroup Global Markets, Inc.	666,667
Compass Point Research & Trading, LLC	133,333
KeyBanc Capital Markets Inc.	133,333
Macquarie Capital (USA) Inc.	133,333
Total	3,333,334

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional 500,000 shares from the company to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 500,000 additional shares.

	No Exercise	Full Exercise
Per Share	$ 3.789	$ 3.789
Total	$ 12,630,003	$ 14,524,503

Shares sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $2.2734 per share from the public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We have agreed to pay the fees and disbursements of counsel for the underwriters in connection with any required review by FINRA in connection with this offering in an amount not to exceed $25,000. In addition, the underwriters have agreed to reimburse us for certain additional out-of-pocket expenses.

We and our officers and directors have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus supplement continuing through the date 60 days after the date of this prospectus supplement, except with the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans.

Our common stock is listed on the Nasdaq Global Select Market under the symbol "TWOU."

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In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the Nasdaq Global Select Market, in the over-the-counter market or otherwise.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of our common shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of our common shares may be made at any time under the following exemptions under the Prospectus Directive:

- To any legal entity which is a qualified investor as defined in the Prospectus Directive;

- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any Brazilian placement agent of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to our common shares in any Relevant Member State means the communication in any form and by any

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means of sufficient information on the terms of the offer and our common shares to be offered so as to enable an investor to decide to purchase our common shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC, as amended, including by Directive 2010/73/EU, and includes any relevant implementing measure in the Relevant Member State.

This prospectus supplement has been prepared on the basis that any offer of the shares in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the shares. This prospectus supplement is not a prospectus for the purposes of the Prospectus Directive.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

In the United Kingdom, this prospectus is only addressed to and directed as qualified investors who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (ii) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this prospectus relates is available only to relevant persons and will only be engaged with relevant persons. Any person who is not a relevant person should not act or relay on this prospectus or any of its contents.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other

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circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (excesolid white"> Total operating revenue 2,552 100.0 1,829 100.0 39.5 Costs and operating expenses:
Cost of personalized oncology solutions 479 18.8 674 36.9 (28.9) Cost of translational oncology solutions 1,627 63.8 1,301 71.1 25.1 Research and development 999 39.1 1,093 59.8 (8.6) Sales and marketing 779 30.5 1,094 59.8 (28.8) General and administrative 1,041 40.8 1,086 59.4 (4.1) Total costs and operating expenses 4,925 193.0 5,248 286.9 (6.2) Operating loss $(2,373) (93.0)% $(3,419) (186.9)% (30.6)

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	For the Nine Months Ended January 31,				
	2016	% of Revenue	2015	% of Revenue	% Change
Operating revenue:					
Personalized oncology solutions	$ 1,387	16.6 %	$ 1,245	22.1 %	11.4 %
Translational oncology solutions	6,958	83.4	4,377	77.9	59.0
Total operating revenue	8,345	100.0	5,622	100.0	48.4
Costs and operating expenses:					
Cost of personalized oncology solutions	1,661	19.9	2,190	39.0	(24.2)
Cost of translational oncology solutions	4,683	56.1	3,225	57.4	45.2
Research and development	3,018	36.2	3,757	66.8	(19.7)
Sales and marketing	2,688	32.2	3,340	59.4	(19.5)
General and administrative	4,062	48.7	3,944	70.2	3.0
Total costs and operating expenses	16,112	193.1	16,456	292.7	(2.1)
Operating loss	$ (7,767)	(93.1)%	(10,834)	(192.7)%	(28.3)

Operating Revenues

Operating revenues were $2.6 million and $1.8 million for the three months ended January 31, 2016 and 2015, respectively, an increase of $800,000 or 39.5%. Operating revenues were $8.3 million and $5.6 million for the nine months ended January 31, 2016 and 2015, respectively, an increase of $2.7 million or 48.4%.

POS revenues were $416,000 and $453,000 for the three months ended January 31, 2016 and 2015, respectively, a decrease of $37,000, or (8.2%). The decrease is due to a decline of $215,000 in implant and panel revenue offset by an increase of $162,000 in sequencing revenue. POS revenues were $1.39 million and $1.25 million for the nine months ended January 31, 2016 and 2015, respectively, an increase of $140,000, or 11.4%. The increase is the result of growth in our sequencing revenue offset by a decline in implant and panel revenue.

TOS revenues were $2.1 million and $1.4 million for the three months ended January 31, 2016 and 2015, respectively, an increase of $700,000, or 55.2%. TOS revenues were $7.0 million and $4.4 million for the nine months ended January 31, 2016 and 2015, respectively, an increase of $2.6 million, or 59%. The increase is due to increased bookings, both in the number and size of the studies, in prior quarters due to the expansion of the TOS sales team and growth of the platform.

Cost of Personalized Oncology Solutions

Cost of POS for the three months ended January 31, 2016 and 2015 were $479,000 and $674,000, respectively, a decrease of $195,000, or (28.9%). Cost of POS for the nine months ended January 31, 2016 and 2015 were $1.7 million and $2.2 million, respectively, a decrease of $500,000 or (24.2%). For the three months ended January 31, 2016 and 2015, gross margins for POS were (15.1%) and (48.8%), respectively. For the nine months ended January 31, 2016 and 2015, gross margins for POS were (19.8)% and (75.9)%, respectively. The improvement in gross margin is attributed to the increase in higher margin, sequencing revenue, and aggressively managing our lab costs.

Cost of Translational Oncology Solutions

Cost of TOS for the three months ended January 31, 2016 and 2015 were $1.6 million and $1.3 million, respectively, an increase of $300,000, or 25.1%. Cost of TOS for the nine months ended January 31, 2016 and 2015 were $4.7

million and $3.2 million, respectively, an increase of $1.5 million, or 45.2%. For the three months ended January 31, 2016 and 2015, gross margins for TOS were 23.8% and 5.5%, respectively. For the nine months ended January 31, 2016 and 2015, gross margins for TOS were 32.7% and 26.3%, respectively. Gross margins vary quarterly based on timing differences between expense and revenue recognition. The improvement in gross margin was due to higher TOS revenue leveraged off the fixed cost component of the lab and effective management of the variable lab costs.

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Research and Development

Research and development expenses for the three months ended January 31, 2016 and 2015 were $1 million and $1.1 million, respectively, a decrease of $100,000, or (8.6%). Research and development expenses for the nine months ended January 31, 2016 and 2015 were $3.0 million and $3.8 million, respectively, a decrease of $800,000, or (19.7%). The decrease is due to lower expenses in genomic characterization of our TumorGraft Bank.

Sales and Marketing

Sales and marketing expenses for the three months ended January 31, 2016 and 2015 were $779,000 and $1.1 million, respectively, a decrease of $321,000, or (28.8%). Sales and marketing expenses for the nine months ended January 31, 2016 and 2015 were $2.7 million and $3.3 million, respectively, a decrease of $600,000, or (19.5%). The decrease is due to the consolidation of the sales and marketing resources of the POS and TOS division, including combining both under one commercial business leader.

General and Administrative

General and administrative expenses for the three months ended January 31, 2016 and 2015 were $1.04 million and $1.09 million, respectively, a decrease of $50,000, or (4.1%). General and administrative expenses for the nine months ended January 31, 2016 and 2015 were $4.1 million and $3.9 million, respectively, an increase of $200,000, or 3%. The increase is due to an increase in stock based compensation for the President and Chief Executive Officer.

Other Income (Expense)

Other income (expense) for the three months ended January 31, 2016 and 2015 were ($8,000) and $615,000, a decrease in income of $623,000. Other income (expense) for the nine months ended January 31, 2016 and 2015 were ($29,000) and $1.4 million, a decrease in income of $1.4 million. The change is mainly due to the gain on fair value of warrants that were accounted for as liabilities in during fiscal year 2015 which were reclassified into equity. See note 7 to our audited financial statements contained elsewhere in this prospectus for further discussion.

Inflation

Inflation does not have a meaningful impact on the results of our operations.

Year Ended April 30, 2015 Compared to Year Ended April 30, 2014

The following table summarizes our operating results for the periods presented below (dollars in thousands):

	For the Years Ended April 30,				
	2015	% of Revenue	2014	% of Revenue	% Change
Operating revenue:					
Personalized oncology solutions	$ 1,663	18.8 %	$ 2,264	19.6 %	(26.5)%
Translational oncology solutions	7,200	81.2	9,286	80.4	(22.5)
Total operating revenue	8,863	100.0	11,550	100.0	(23.3)

Costs and operating expenses:					
Cost of personalized oncology solutions	2,733	30.8	2,731	23.6	0.1
Cost of translational oncology solutions	4,900	55.3	3,532	30.6	38.7
Research and development	4,845	54.7	2,265	19.6	113.9
Sales and marketing	4,283	48.3	3,155	27.3	35.8
General and administrative	5,340	61.4	6,127	53.0	(11.2)
Total costs and operating expenses	22,101	250.5	17,810	154.2	24.7
Loss from operations	$ (13,238)	(150.5)%	$ (6,260)	(54.2)%	113.1 %

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Operating Revenues

Operating revenues for the years ended April 30, 2015 and 2014 were $8.9 million and $11.6 million, respectively, a decrease of $2.7 million, or 23.3%, primarily driven by the decrease in TOS revenue.

Personalized Oncology Solutions Revenues

POS revenues were $1.7 million and $2.3 million for the years ended April 30, 2015 and 2014, respectively, a decrease of $0.6 million or 26.5%. Core revenues, consisting of implants and drug panels, were $1.4 million and $1.8 million for the years ended April 30, 2015 and 2014, respectively, a decrease of 21%. The number of implants during fiscal 2015 was 245, an increase of 1% over fiscal 2014. The number of patients for whom studies were completed was 90 for fiscal 2015, an increase of 3% over fiscal 2014. The decrease in core revenue is due to a reduction in the number of tests per panel resulting in a $300,000 decrease in panel revenue. Non-core revenues, consisting of tumor boards and sequencing, decreased $212,000.

Translational Oncology Solutions Revenues

TOS revenues were $7.2 million and $9.3 million for the years ended April 30, 2015 and 2014, respectively, a decrease of $2.1 million or 22.5%. The decrease was due in part to slower recognition of study revenue caused by longer duration in study times and study extensions.

Cost of Personalized Oncology Solutions

POS cost of sales were $2.7 million for both years ended April 30, 2015 and 2014. For the years ended April 30, 2015 and 2014, gross margins for POS were negative 64% and negative 21%, respectively. The decline in gross margin is attributed to the decline in core POS revenue and a fixed component to the cost of sales. Non-core revenue, which has lower cost of sale and higher margins, declined, contributing to lower overall margins.

Cost of Translational Oncology Solutions

TOS cost of sales were $4.9 million and $3.5 million for the years ended April 30, 2015 and 2014, respectively, an increase of $1.4 million, or 38.7%. For the years ended April 30, 2015 and 2014, gross margins for TOS were 32% and 63%, respectively. The increase in TOS cost of sales is mainly due to an increase in TOS studies, the revenue of which will be recognized upon study completion.

Research and Development

Research and development expense was $4.8 million and $2.3 million for the years ended April 30, 2015 and 2014, respectively, an increase of $2.5 million or 114%. The increase is largely due to investment in characterizing the TumorBank.

Sales and Marketing

Sales and marketing expense was $4.3 million and $3.2 million for the years ended April 30, 2015 and 2014, respectively, an increase of $1.1 million, or 35.8%. The increase was due to the expansion of the TOS sales force offset by reduced sales and marketing expense for POS.

General and Administrative

General and administrative expense was $5.3 million and $6.1 million for the years ended April 30, 2015 and 2014, respectively, a decrease of $0.8 million, or 11.2%.

Other Income/(Expense)

Other Income/(expense) consists of the change in the fair value of warrants that were accounted for as liabilities and are described further below and in Note 7 to the accompanying consolidated financial statements, a modification charge due to the extinguishment of the liability as stated in the amended 2011 and 2013 Warrant Agreements both of which are described further below and in Note 7 to the accompanying consolidated financial statements and other miscellaneous charges. Other Income/(expense) was $225,000 and

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($1.1) million for the years ended April 30, 2015 and 2014, respectively. This change in the fair value of the warrant liability was a result of revaluing the warrant liability based on the Monte Carlo simulation valuation model, impacted primarily by the quoted price of our common stock. The revaluation of the warrant liability has no impact on our cash balances.

Inflation

Inflation does not have a meaningful impact on the results of our operations.

Liquidity and Capital Resources

Our liquidity needs have typically arisen from the funding of our research and development programs and the launch of new products, working capital requirements, and other strategic initiatives. In the past, we have met these cash requirements through our sales of products and services, cash and cash equivalents, working capital management, and proceeds from certain private placements of our securities. As of January 31, 2016, we had positive working capital of $1.2 million and cash and cash equivalents on hand of $3.3 million. We believe that our cash and cash equivalents on hand at January 31, 2016 are adequate to fund our operations through at least April 2017, provided that we reduce certain expenses that are not critical to the operation of our business. However, in order for us to continue as a going concern beyond this point, we may need to obtain capital from external sources. If we are unsuccessful in raising sufficient funds in this offering or we are unable to obtain additional financing subsequent to this offering, we may be required to reduce the scope of, or delay or eliminate, some of our research and development and other activities, which could harm our financial condition and operating results. Financing may not be available on acceptable terms or at all, and our failure to raise capital when needed could negatively impact our growth plans and our financial condition and results of operations. Additional equity financing may be dilutive to the holders of our common stock and debt financing, if available, may involve significant cash payment obligations and covenants and/or financial ratios that restrict our ability to operate our business.

On December 1, 2014, the Company entered into note purchase agreements with and issued convertible promissory notes in the principal amount of $1 million each to Joel Ackerman, the Company s Chief Executive Officer, and Dr. Ronnie Morris, the Company s President, to finance the operations of the Company. The transaction was approved by the Company s audit committee.

The notes bore interest at 12% per annum and had an initial term of 90 days. The notes, including any accrued but unpaid interest, were convertible at the option of each noteholder: (a) upon the closing of any equity financing that occurred during the term of the notes, into the securities offered in the financing to other investors at a 5% discount to the price per share paid by other investors in the financing; and (b) upon the maturity date of the notes, into the Company s common stock at the volume weighted average closing price of the common stock for the five trading days prior to such conversion.

On February 28, 2015, the Company entered into amendments to the convertible promissory notes issued on December 1, 2014. The amendments extended the maturity dates of the convertible promissory notes to April 1, 2015. The amendments were approved by the Company s audit committee.

On March 11, 2015, the convertible promissory notes and accrued interest were converted into 451,754 shares of common stock and warrants to purchase 248,465 shares of common stock at an exercise price of $5.76, which warrants expire on March 11, 2020, as part of the 2015 Securities Purchase Agreement.

On March 11, 2015, the Company entered into a 2015 Securities Purchase Agreement (the 2015 Securities Purchase Agreement) with Battery Ventures IX, L.P. and Battery Investment Partners IX, LLC (collectively, Battery), New Enterprise Associates 14, Limited Partnership (NEA), Joel Ackerman, Chief Executive Officer and a director of the Company (Ackerman), Dr. Ronnie Morris, President and a director of the Company (Morris), Daniel Mendelson, a director of the Company (Mendelson) and certain other investors (collectively with Battery, NEA, Ackerman, Morris and Mendelson, the Investors), for the sale to the Investors of units, each unit consisting of one share of the Company s common stock and a warrant to buy 0.55 shares of common stock at $5.76 per share (the Warrants), at a purchase price of $4.80 per unit, for an aggregate of $14,000,000. The Warrants expire five years after the closing date.

Ackerman and Morris

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converted convertible promissory notes dated December 1, 2014 in the principal amounts of $1 million each, plus accrued interest, into the units at a 5% discount, pursuant to the terms of the convertible promissory notes.

The Investors have the right to require the Company to repurchase the purchased shares (the Put Option) for cash for $4.80 per share upon a change of control or sale or exclusive license of substantially all of the Company s assets only if approved by the Company s board of directors. The Put Option will terminate upon the achievement of certain financial and other milestones relating to the stock price of our common stock and our issuance of shares in a public offering of at least $15,000,000.

The Investors have certain participation rights with respect to future financings of the Company, but not in public offerings like this offering. The Company registered the resale of the shares of common stock issued to the Investors and the shares of Common Stock issuable upon exercise of the Warrants pursuant to a 2015 Amended and Restated Registration Rights Agreement and are required to keep such registration statement effective until March 2017, unless all of the securities registered thereunder are sold, or may be sold pursuant to Rule 144 during any 90-day period without volume restrictions, prior to such date.

The issuance of the shares of common stock under the 2015 Securities Purchase Agreement resulted in the Company issuing an additional 155,488 shares of common stock to investors who purchased shares of common stock pursuant to a Securities Purchase Agreement dated as of March 24, 2011 (the 2011 Securities Purchase Agreement) due to contractual antidilution provisions in that 2011 Securities Purchase Agreement. The Company also amended and restated the 2011 Securities Purchase Agreement to eliminate these antidilution provisions going forward, and conform aspects of the put option in that 2011 Securities Purchase Agreement to terms of the Put Option in the 2015 Securities Purchase Agreement. The Company also issued an additional 131,945 warrants to its investors under the 2011 Warrant Agreements under the 2011 Securities Purchase Agreement and had its investors agree on certain amendments of the warrants to eliminate the antidilution rights for future transactions, by extending the term of the warrants by one year, and revising the exercise price to $4.80.

The Company and its investors have amended and restated its Securities Purchase Agreement dated January 28, 2013 (the 2013 Securities Purchase Agreement) to conform aspects of the put option in that 2013 Securities Purchase Agreement to the Put Option in the 2015 Securities Purchase Agreement. The Company issued an additional 100,750 warrants to investors under the 2013 Warrant Agreements under the 2013 Securities Purchase Agreement and had its investors agree on certain amendments of these warrants issued in connection with the 2013 Securities Purchase Agreement to eliminate the antidilution rights for future transactions, by extending the term of the warrants by one year, and revising the exercise price to $4.80.

Cash Flows

The following discussion relates to the major components of our cash flows:

Cash Flows from Operating Activities

Net cash used in operating activities was $9.6 million and $3.4 million for the years ended April 30, 2015 and 2014, respectively. The increase of $6.2 million cash used in operations relates to a decrease in revenues in conjunction with increase in costs for business expansion.

Cash Flows from Investing Activities

Cash used in investing activities was $114,000 and $234,000 for the years ended April 30, 2015 and 2014, respectively. These cash flows relate to the purchase of property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was $13.2 million and $21,000 for the years ended April 30, 2015 and 2014, respectively. These cash flows in 2015 primarily relate to the private placement of common stock and warrants that occurred on March 13, 2015, and the exercise of stock options and warrants.

Critical Accounting Policies

We believe that of our significant accounting policies set forth in the notes to our audited financial statements contained herein, the following may involve a higher degree of judgment and complexity:

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General

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States or GAAP. The preparation of the consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosure of contingent assets and liabilities. Significant estimates of the Company include, among other things, accounts receivable realization, revenue recognition (replacement of licensed tumors), valuation allowance for deferred tax assets, valuation of goodwill, and stock compensation and warrant assumptions. We have not identified any estimates that require a significant level of judgment or are otherwise subject to an inherent degree of uncertainty. We base our estimates on historical experience, our observance of trends in particular areas and information or valuations and various other assumptions that we believe to be reasonable under the circumstances and which form the basis for making judgments about the carrying value of assets and liabilities that may not be readily apparent from other sources. Actual amounts could differ significantly from amounts previously estimated.

Revenue Recognition

The Company derives revenue from its POS and TOS businesses. Personalized oncology solutions assist physicians by providing information to help guide the development of personalized treatment plans for their patients using our core offerings, including testing oncology drugs and drug combinations on personalized TumorGrafts, and through other products. Translational oncology solutions offer a preclinical TumorGraft platform to pharmaceutical and biotechnology companies using proprietary TumorGraft studies, which the Company believes may be predictive of how drugs may perform in clinical settings. The Company recognizes revenue when the following four basic criteria are met: (i) a contract has been entered into with its customers; (ii) delivery has occurred or services rendered to its customers; (iii) the fee is fixed and determinable as noted in the contract; and (iv) collectability is reasonably assured. The Company utilizes a proportional performance revenue recognition model for its TOS business, under which it recognizes revenue as performance occurs, based on the relative outputs of the performance that have occurred up to that point in time under the respective agreement, typically the delivery of reports to its customers documenting the results of testing protocols.

When a POS or TOS arrangement involves multiple elements, the items included in the arrangement (deliverables) are evaluated to determine whether they represent separate units of accounting. We perform this evaluation at the inception of an arrangement and as each item in the arrangement is delivered. Generally, we account for a deliverable (or a group of deliverables) separately if: (i) the delivered item(s) has standalone value to the customer, and (ii) we have given the customer a general right of return relative to the delivered item(s) and the delivery or performance of the undelivered item(s) or service(s) is probable and substantially in our control. Revenue on multiple element arrangements is recognized using a proportional method for each separately identified element. All revenue from contracts determined not to have separate units of accounting is recognized based on consideration of the most substantive delivery factor of all the elements in the contract or if there is no predominant deliverable upon delivery of the final element of the arrangement.

Share-Based Payments

We typically recognize expense for share-based payments based on the fair value of awards on the date of grant. We use the Black-Scholes option pricing model to estimate fair value. The option pricing model requires us to estimate certain key assumptions such as expected life, volatility, risk free interest rates, and dividend yield to determine the fair value of share-based awards. These assumptions are based on historical information and management judgment.

We expense share-based payments over the period that the awards are expected to vest, net of estimated forfeitures. If actual forfeitures differ from management s estimates, compensation expense is adjusted. We report cash flows resulting from tax deductions in excess of the compensation cost recognized from those options (excess tax benefits) as financing cash flows when the cash tax benefit is received.

Goodwill

Goodwill represents the excess of the cost over the fair market value of the net assets acquired including identifiable assets. Goodwill is tested annually, or more frequently, if circumstances indicate potential

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impairment, by comparing its fair value to its carrying amount. The determination of whether or not goodwill is impaired involves significant judgment. Although we believe our goodwill is not impaired, changes in strategy or market conditions could significantly impact the judgments and may require future adjustments to the carrying value of goodwill. We use a two-step process to test for goodwill impairment. The first step is to screen for potential impairment, while the second step measures the amount of the impairment, if any. The first step of the goodwill impairment test compares the fair value of each reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired. If the carrying value of the reporting unit s net assets, including goodwill, exceeds the fair value of the reporting unit, then we determine the implied fair value of goodwill. If the carrying value of goodwill exceeds its implied fair value, then an impairment of goodwill has occurred and an impairment loss would be recognized for the difference between the carrying amount and the implied fair value of goodwill as a component of operating income. The implied fair value of goodwill is calculated by subtracting the fair value of tangible and intangible assets associated with the reporting unit from the fair value of the unit.

In addition, we evaluate impairment if events or circumstances change between the annual assessments, indicating a possible impairment. Examples of such events or circumstances include: (i) a significant adverse change in legal factors or in the business climate; (ii) an adverse action or assessment by a regulator; or (iii) a significant decline in market capitalization as compared to book value.

We have two operating segments and two reporting units. Judgments regarding the existence of impairment indicators are based on legal factors, market conditions and operational performance of the acquired businesses. Future events, including but not limited to continued declines in economic activity, loss of contracts or a significant number of customers or a rapid increase in costs or capital expenditures, could cause us to conclude that impairment indicators exist and that goodwill is impaired. Any resulting goodwill impairment could have a material adverse impact on our financial condition and results of operations.

Accounting for Income Taxes

We use the asset and liability method to account for income taxes. Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against net deferred tax assets. In preparing the consolidated financial statements, we are required to estimate income taxes in each of the jurisdictions in which we operate. This process involves estimating the actual current tax liability together with assessing temporary differences resulting from differing treatment of items, such as deferred revenue, depreciation on property, plant and equipment, goodwill and losses for tax and accounting purposes. These differences result in deferred tax assets, which include tax loss carry-forwards, and liabilities, which are included within the consolidated balance sheet. We then assess the likelihood that deferred tax assets will be recovered from future taxable income, and to the extent that recovery is not likely or there is insufficient operating history, a valuation allowance is established. To the extent a valuation allowance is established or increased in a period, we include an expense within the tax provision of the consolidated statements of operations.

Off-Balance Sheet Financing

We have no off-balance sheet debt or similar obligations. We have no transactions or obligations with related parties that are not disclosed, consolidated into or reflected in our reported results of operations or financial position. We do not guarantee any third-party debt.

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BUSINESS

Overview

We are engaged in the development and sale of advanced technology solutions and products to personalize the development and use of oncology drugs. Utilizing our TumorGraft Technology Platform, we provide select services to pharmaceutical and biotechnology companies seeking personalized approaches to drug development. By performing studies to predict the efficacy of oncology drugs, our Platform facilitates drug discovery with lower costs and increased speed of drug development as well as increased adoption of existing drugs.

The current oncology drug development paradigm is challenging for the pharmaceutical and biotechnology industry. We believe that on average, the clinical trial process in oncology currently:

- Costs more than $1.2 billion;
- Takes approximately 8 years to complete;
- Has a 93% failure rate;
- Results in approved compounds that cost more than $11,000 per month.

Our Platform provides a novel approach to simulating the results of human clinical trials used in developing oncology drugs. According to a 2013 study conducted by Cutting Edge Information, it can cost up to $100,000 per patient in oncology clinical trials and the typical cost for each phase of development per year increases from approximately $3 million in the pre-clinical setting to approximately $150 million in phase 3. Simulating trials before executing them provides benefits to both pharmaceutical companies and patients. Pharmaceutical companies can lower the risk of spending resources on drugs that do not show significant anti-cancer activities and increase the chance that the clinical development path they pursue will be focused on an appropriate patient population and a successful combination with other drugs.

TumorGraft Technology Platform

Our clinical trial simulation platform consists of processes, physical tumors, and information that we use to personalize the development and use of oncology drugs. Our process technology, which we call TumorGrafting is also known as Patient Derived Xenografts and involves the:

- implantation of human tumor fragments in immune-deficient mice;
- expansion of the original human tumor into a larger colony of mice through the passage of the tumor to a limited number of generations of mice;
- treatment of the implanted mice with oncology drugs;
- measurement of tumor growth inhibition in treated mice relative to a control group of mice to determine the response of the tumor to the drug; and
- permanent cryo-preservation of fragments of tumor tissue for future use in additional clinical trial simulations.

A growing body of evidence demonstrates the power of PDX to predict the response of individual patients to oncology drugs. Our platform has demonstrated a positive predictive value of approximately 87% and negative predictive value of approximately 94%. As a result, we believe our PDX platform results in simulated clinical studies with approximately 90% accuracy in predicting human response with approximately 90% lower costs than a human clinical trials while shortening the timelines from 2-3 years for human trial to 6 months for PDX studies.

TumorBank

Each tumor from individual patients that we have preserved for future implantation in mice, along with the patient data and molecular information associated with these tumors, are referred to as TumorGrafts or Patient Derived XenoGrafts of PDX Models . The collection of TumorGrafts that we have built is referred to as our TumorBank. We currently have 700 PDX models in our TumorBank that we believe reflect

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characteristics of patients who enroll in clinical trials (late stage, pretreated and metastic). We implant tumors in mice to provide pharmaceutical and biotechnology companies the opportunity to test oncology compounds on multiple tumors to test efficacy and simulate the results of human clinical trials.

Increasing breadth and depth of the TumorBank is an important strategic effort of the company. We invest significant research and development resources to increase the number of PDX Models in our TumorBank and add different sub-types of cancer that we have not historically addressed. In addition, we are also developing an extensive database of information about the tumors in our TumorBank. We expect that this database will include certain information about the patient (e.g. age, gender), the response of the tumors to different oncology drugs or drug combinations, mutational status of key oncogenes, and other genetic and epigenetic data about each tumor. We expect that such data could be valuable to companies seeking to develop new cancer drugs.

Based on our extensive knowledge of the industry, we believe that we are a leading provider of Patient Derived XenoGrafts and a pioneer in the use of PDX models for use with patients and clinical trial simulations. Our research and development efforts and customer sponsored platform development has contributed to the acceptance of the accuracy of PDX models as a valuable tool in the development and use of oncology drugs.

Our Strategy

Our strategy is to use TumorGrafts as a platform technology to drive multiple synergistic revenue streams. We continue to build this platform with investments in research and development. Our goal is to populate our TumorBank and its related database with tumors and information we receive from patients, research collaborations and validation studies. The tumors and information in the TumorBank are then available for work with pharmaceutical company customers. In addition, we are looking for additional opportunities to utilize the data we are gathering about the tumors to develop proprietary biomarkers and signatures of response that can predict the resistance or sensitivity of individual patients to oncology drugs.

Translational Oncology Solutions Business

Our TOS business utilizes our technology platform to assist pharmaceutical and biotechnology companies with their drug development process. We provide studies, or license tumors for use in studies, which we believe may predict the efficacy of experimental oncology drugs or approved drugs as stand-alone therapies or in combination with other drugs and can stimulate the results of human clinical trials. These studies include in vivo studies that rely on implanting multiple tumors from our TumorBank in mice and testing the therapy of interest on these tumors. Studies may also include bioinformatics analyses that reveal the differences in the genetic signatures of the tumors that responded to a therapy as compared to the tumors that did not respond. Our studies can be used to determine which types of cancer, if any, may be inhibited by a drug. The studies can also be used to identify specific sub-populations, often characterized by particular genetic mutations that are differentially sensitive or resistant to a drug or drug combination. These studies, used in pre-clinical testing or during phase I or II of a clinical trial, can help guide the clinical development path of new compounds or find new indications or combinations for compounds that are already approved by the United States Food and Drug Administration, or FDA. We believe that the results may lead to lower costs and shorter timeframes for drug development.

We have performed more than 450 studies for approximately 100 different pharmaceutical and biotech over the past five years. We have a high rate of repeat business with more than 75 companies having used our platform for more than one study. Typical studies range in price from $50,000 $250,000. We have completed approximately ten studies with prices above $500,000. Revenue from this business segment has grown at a cumulative annual growth rate of

34% since the current management team joined the company in fiscal 2010.

Our sales and marketing efforts are dependent on a dedicated sales force that sells our services directly to pharmaceutical and biotechnology companies. We have a team of eight professionals dedicated to this sales and marketing effort. The team is focused on identifying and selling studies to new customers as well as increasing our revenue from existing customers. We spend significant resources in informing our current buyers and reaching out to new buyers within companies that we currently serve. These efforts are aimed at moving our customers along the adoption curve for PDX-based clinical trial simulation and increasing the

number of studies and the average study size at our existing customers. The success in these efforts is demonstrated by the 15 customers who have spent more than $500,000 with Champions over the past three years.

Personalized Oncology Solutions Business

Our POS business offers to physicians and patients information to help guide the development of personalized treatment plans. Our core products, TumorGraft implants and drug panels, utilize TumorGraft technology to empirically test the response of a patient s tumor to multiple oncology drugs or drug combinations. The response of the tumors in the mice is tracked over time and analyzed to determine which drug or drug combination is providing the highest level of tumor growth inhibition in the mice. This process simulates the results of multiple, simultaneous clinical trials in which a patient might consider participating. We provide this product with the primary goal of adding PDX models to our TumorBank, and gaining valuable data about the accuracy of PDX models in predicting patient response and in building the operational capabilities to collect, implant and grow tumors from patients, physicians and hospitals around the United States and internationally. Our data, which is currently limited in nature, indicates that there may be a correlation between the response to drugs of a tumor in a mouse with the response to drugs of a tumor in a patient.

In addition to our core TumorGraft POS products, we offer non-core related POS products to our customers, including personalized tumor boards, previously known as tumor panels, and gene sequencing. Personalized tumor boards are designed to provide access to oncologists with expertise in particular tumor types. We also provide access to gene sequencing that analyzes the genetic makeup of a patient s tumor for the purpose of identifying potentially useful drugs. We will continue to offer related personal oncology products to our customers; however, we expect future POS revenues to be driven by our core products.

We rely on the internet, word of mouth and a small sales force to market these services to patients and physicians.

Our POS business will not be the focus of our growth moving forward.

Our Growth and Expansion Strategy

Our strategy is to continue to use TumorGrafts as a platform technology to drive multiple synergistic revenue streams.

Our current strategy for growth has three components:

Growing our TumorBank: We grow our TumorBank in two ways. First, we increase the number of TumorGrafts in the bank for our existing tumor types to ensure customers are finding the specific models they need for their studies. Second, we add new tumor types to the bank to enable studies in tumor types that we have not historically been able to run for our pharmaceutical and biotech customers.

Adding new PDX technologies: The fields of oncology research and drug development are evolving. To keep up with new approaches, we add new technologies to our PDX platform. We are currently investing in developing ImmunoGrafts, a new PDX model that is developed in a mouse with a humanized immune system. These models are built to specifically serve the needs of pharmaceutical and biotech companies developing immune oncology drugs. This is a relatively new area of oncology research that has shown significant promise and is attracting a significant amount of research and development interest.

Increasing the scale of studies: We have facilitated studies for approximately 100 pharmaceutical and biotech companies including 16 of the top 20 pharmaceutical companies. We believe there is significant opportunity to grow our revenue by increasing the size of the studies these customers run. To accomplish this, we are developing new

study designs that offer solutions to compounds that are in phase I and phase II clinical trials. We believe that the total available market size is greater than $1 billion and that the increased budgets of these drugs, as compared to drugs in the pre-clinical stage, will enable us to sell larger studies.

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Competition

Our TumorGraft Technology Platform is proprietary and requires significant know-how to both initiate and operate, but is not patented. It is, therefore, possible for competitors to develop other implantation procedures or to discover the same procedures utilized by the Company that could compete with the Company in its market. Competition in our industry is intense and based significantly on scientific, technological, and market forces, which include the effectiveness of the technology and products and the ability to commercialize technological developments. The Company faces significant competition from other healthcare companies in the United States and abroad. The majority of these competitors are, and will be, substantially larger than the Company, and have substantially greater resources and operating histories. There can be no assurance that developments by other companies will not render our products or technologies obsolete or non-competitive or that we will be able to keep pace with the technological or product developments of our competitors. These companies, as well as academic institutions, governmental agencies, and private research organizations also compete with us in recruiting and retaining highly qualified scientific, technical and professional personnel and consultants.

Research and Development

For the years ended April 30, 2015 and 2014, we spent approximately $4.8 million and $2.3 million, respectively, to develop our TumorGraft Technology Platform. We continue to expand our TumorBank through the inclusion of tumor tissue and implanted models from our POS business. In addition, we expect to grow our TumorBank through research collaborations and relationships with hospitals and academic institutions. Our research and development efforts were focused on increasing our understanding of our TumorGraft models, their clinical predictability, improving growth and tumor take rates, and other biological and molecular characteristics of the models.

Government Regulation

The research, development, and marketing of our products, the performance of our POS testing services, and the operation of our facilities are generally subject to federal, state, local, or foreign legislation, including licensure of our laboratories located in Baltimore, Maryland and New York, New York by the States of Maryland and New York, respectively, and compliance with federal, state, local or foreign legislation applicable to the use of live animals in scientific testing, research and education.

The FDA has claimed regulatory authority over laboratory developed tests such as our POS products, but has generally not exercised it. The FDA has announced regulatory and guidance initiatives that could increase federal regulation of our business. We are subject to federal and international regulations with regard to shipment of hazardous materials, including the Department of Transportation and the International Air Transit Authority. These regulations require interstate, intrastate, and foreign shipments comply with applicable labeling, documentation, and training requirements.

Employees

As of June 9, 2016, we had 71 full-time employees, including 26 with doctoral or other advanced degrees. Of our workforce, 51 employees are engaged in research and development and laboratory operations, 13 employees are engaged in sales and marketing, and 7 employees are engaged in finance and administration. None of our employees are represented by a labor union or covered by collective bargaining agreements. We have never experienced a work stoppage and believe our relationship with our employees is good.

Company History

We were incorporated as a merger and acquisition company under the laws of the State of Delaware on June 4, 1985, under the name International Group, Inc. In September 1985, the Company completed a public offering and shortly thereafter acquired the world-wide rights to the Champions sports theme restaurant concept and changed its name to Champions Sports, Inc. In 1997, the Company sold its Champions service mark and concept to Marriott International, Inc. and until 2005, was a consultant to Marriott International, Inc. and operated one Champions Sports Bar Restaurant. In January 2007, the Company changed its business direction to focus on biotechnology and subsequently changed its name to Champions Biotechnology, Inc. On May 18, 2007, the Company acquired Biomerk, Inc., at which time we began focusing on our current line of business.

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Properties

We currently lease our office facilities. Rent expenses totaled $216,000 and $168,000 for the nine months ended January 31, 2016 and 2015, respectively, which included a former facility located in Singapore, which was closed in January of 2015. We consider our facilities adequate for our current operational needs.

We lease the following facilities under non-cancelable operating lease agreements:

One University Plaza, Suite 307, Hackensack, New Jersey 07601, which, since November 2011, serves as the Company s corporate headquarters and consists of approximately 3,800 square feet of office space. The lease expires in November 2016. The Company recognized $85,000 and $75,000 of rental costs relative to this lease for fiscal 2015 and 2014, respectively.

855 North Wolfe Street, Suite 619, Baltimore, Maryland 21205, which consists of laboratories and office space where the Company conducts operations related to its primary service offerings. This lease expires in June 2016. The Company recognized $86,000 and $85,000 of rental costs relative to this lease for fiscal 2015 and 2014, respectively.

450 East 29th Street, New York, New York, 10016, which is a laboratory at which we implant tumors. This lease expires in September 2016 and can be renewed by the Company for subsequent one year terms. The Company recognized $47,000 and $4,000 of rental costs relative to this lease for fiscal 2015 and 2014, respectively.

Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings that arise in the ordinary course of business. However, we are currently not aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition or operating results.

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MANAGEMENT

Directors and Executive Officers

The directors and executive officers of the Company as of the date of this prospectus are as follows:

Name	***Position(s) Presently Held***
David Sidransky, M.D.	Director, Chairman of the Board
Joel Ackerman	Chief Executive Officer, Director
Ronnie Morris, M.D.	President and Director
David Miller	Vice President of Finance
Daniel Mendelson	Director
Abba David Poliakoff	Director
Scott R. Tobin	Director
Philip Breitfeld	Director

David Sidransky, M.D., age 55, has served as Chairman of the Company since October 2007 and a director of the Company since August 2007. Dr. Sidransky is the Director of the Head and Neck Cancer Research Division at Johns Hopkins University School of Medicine and is a Professor of Oncology, Otolaryngology-Head and Neck Surgery, Cellular & Molecular Medicine, Urology, Genetics, and Pathology at Johns Hopkins University and Hospital. In the field of oncology, Dr. Sidransky is one of the most highly-cited researchers in clinical and medical journals in the world, with over 400 peer-reviewed publications in the past decade. He has also contributed to more than 60 cancer reviews and chapters. Dr. Sidransky is a founder of a number of biotechnology companies and holds numerous biotechnology patents. He has served as Vice Chairman of the Board of Directors of ImClone Systems, Inc., a global biopharmaceutical company committed to advancing oncology care, and was a director, until its merger with Eli Lilly. Dr. Sidransky remains Chairman of Tamir Biotechnology and serves on the boards of directors of KV Pharmaceutical Company and Rosetta Genomics. Dr. Sidransky is serving and has served on scientific advisory boards of MedImmune, Roche, Amgen and Veridex, LLC (a Johnson & Johnson diagnostic company), among others. From 2005 to 2008, Dr. Sidransky served as Director of the American Association for Cancer Research (AACR) and was the Chairperson of the first and second (September 2006 and 2007) AACR International Conferences on Molecular Diagnostics in Cancer Therapeutic Development: Maximizing Opportunities for Individualized Treatment. Dr. Sidransky is the recipient of many awards and honors, including the 1997 Sarstedt International Prize from the German Society of Clinical Chemistry, the 1998 Alton Ochsner Award Relating Smoking and Health by the American College of Chest Physicians, and the 2004 Hinda and Richard Rosenthal Award from the AACR. Dr. Sidransky is certified in Internal Medicine and Medical Oncology by the American Board of Medicine. Dr. Sidransky received his bachelor s degree from Brandeis University and his medical degree from the Baylor College of Medicine.

Dr. Sidransky is well-qualified to serve as the non-executive Chairman of the Company and a member of the Company s Board of Directors, based on his extensive experience in clinical and medical oncology, his stature as a leading researcher in the field, and his experience with biotechnology companies.

Joel Ackerman, age 50, has served as Chief Executive Officer and a director of the Company since October 2010. Mr. Ackerman received a bachelor s degree from Columbia University, where he graduated summa cum laude in 1988, and a master s degree in Physics from Harvard University in 1990. From 1990 to 1993, Mr. Ackerman was an associate with Mercer Management Consulting, a global strategy consulting firm. From 1993 to 2008, Mr. Ackerman was employed by Warburg Pincus, LLC, a global private equity investment firm. There, Mr. Ackerman served in

various capacities including Managing Director, Head of Healthcare Services, and as a member of the firm s executive management team. During 2010, Mr. Ackerman served as a senior portfolio fellow with Acumen Fund, a non-profit global venture fund that uses entrepreneurial approaches to address global poverty. Mr. Ackerman is currently a member of the board of directors of Kindred Healthcare, Inc., a publicly traded company that operates hospitals and nursing homes. Mr. Ackerman s employment agreement with the Company provides that the Company will nominate him for election as a director for so long as he serves as an executive officer of the Company.

Mr. Ackerman is well-qualified to serve as a member of the Company s Board of Directors, due to his broad and extensive operational and financial experience in the healthcare and biomedical industries.

Ronnie Morris, M.D., age 49, has served as President and a director of the Company since October 2010. Dr. Morris received his medical degree from the University of Medicine and Dentistry of New Jersey in 1993, completed his residency at the Long Island Jewish Medical Center in 1996, and obtained his certification from the American Board of Internal Medicine in 1996. From 1996 to 2004, Dr. Morris practiced internal medicine and was a managing partner of Prohealth Medical Group in Boca Raton, Florida where, in addition to his personal medical practice of more than 2,500 patients, he managed over 30 physicians in a multi-specialty practice, was responsible for the practice s financial operations, and coordinated and created ancillary revenue services for the practice. From 2004 to 2006, Dr. Morris was Vice President and Medical Director of AllianceCare Inc. in Boynton Beach, Florida, a company that provides home health care, physical therapy, and doctor house calls . In that capacity, Dr. Morris was responsible for the physician house call business, developed new markets, managed and directed 150 employees, tripled revenue and brought his division to profitability. In 2001, in Boca Raton, Florida, Dr. Morris co-founded MDVIP, Inc., a personalized healthcare services company. Until 2009, when MDVIP was acquired by Procter and Gamble Co., Dr. Morris served on MDVIP s Board of Directors, as Medical Director, and as a member of its executive management team. In those capacities, Dr. Morris conceptualized, developed and helped build MDVIP from a start-up company into a national leader in personalized healthcare services, with a network of 400 doctors in 29 states and 125,000 consumers/patients. Since 2009, Dr. Morris has been a private investor. Dr. Morris s employment agreement with the Company provides that the Company will nominate him for election as a director for so long as he serves as an executive officer of the Company.

Dr. Morris is well-qualified to serve as a member of the Company s Board of Directors, due to his extensive operational and managerial experience in the healthcare industry.

David Miller, age 47, has served as our Vice President, Finance since June 2013. Prior to joining the Company, Mr. Miller served as the Vice President of Finance and Operations at DMCWW, LLC, a private equity company focused on investing and operating start-up enterprises in the consumer technology space. From January 2006 to March 2010, Mr. Miller served as the Chief Financial Officer of NAF Funding, LLC, a nationwide financial services firm that brokers transactions involving the trading of life insurance policies. From January 2000 to December 2005, Mr. Miller was the Vice President of Finance and Operations at IDT Corp., where he led the creation and growth of the consumer phone services division to over one million customers of local and long distance service. From 1997 to 1999, he was an Assistant Vice President of the Internal Audit Department at Deutche Bank. Mr. Miller also held Senior Accountant positions at Schonbraun, Safris, Sternlieb, LLC and Margolin, Winer and Evans. Mr. Miller earned a B.S. from Yeshiva University in 1991 and an MBA from Fordham in 1999. He is a Certified Public Accountant.

Daniel Mendelson, age 51, has served as a director of the Company since March 2013. Mr. Mendelson is the Chief Executive Officer and founder of Avalere Health, a strategic advisory company focused on devising innovative solutions to complex healthcare problems. The firm s customer base includes Fortune 500 healthcare companies, provider organizations, medical foundations, and government. Mr. Mendelson is also currently Adjunct Professor of Business Administration at The Fuqua School of Business at Duke University and sits on the board of directors of HMS Holdings Corp., a publicly traded company that provides cost containment services to government and private healthcare payers and sponsors. From 1998 to 2000, Mr. Mendelson served as Associate Director for Health at the Office of Management and Budget (OMB). Prior to joining OMB, Mr. Mendelson was Senior Vice President of The Lewin Group and Director of the Medical Technology practice. He holds an undergraduate degree in economics and viola performance from Oberlin College, and a M.P.P. from the Kennedy School of Government at Harvard University.

Mr. Mendelson is well-qualified to serve as a member of the Company s Board of Directors, due to his business experience in healthcare companies, government experience and business administration education.

Abba David Poliakoff, age 64, has served as a director of the Company since March 2008. Mr. Poliakoff is a member of the law firm of Gordon Feinblatt LLC in Baltimore, Maryland, and chair of its Securities Law Group. He is a member of the Maryland State Bar Association s Business Law Section, former Chair of its Committee on Securities, and a former member of the Business Regulations Article Review Committee of the

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Committee to Revise the Maryland Annotated Code. Mr. Poliakoff is the Chairman Emeritus of the Maryland Israel Development Center, a joint venture between the State of Maryland Department of Business and Economic Development and the State of Israel Ministry of Industry and Trade. Governor Lawrence J. Hogan, Jr. has appointed Mr. Poliakoff to co-chair the Business Regulation Review Commission. Previously, Governor Martin J. O Malley of Maryland has appointed Mr. Poliakoff to the Governor s International Advisory Council on International Commerce and Trade. Before that, he was appointed by Maryland Governor Robert C. Ehrlich, Jr. to the Governor s Transition Committee. He currently serves on a number of boards, including the board of visitors of the University of Maryland School of Medicine, the board of directors of the BioTechnical Institute of Maryland, the board of directors of the JET Incubator of Baltimore and on several advisory boards. In his community work, he is Vice President and on the board of directors of the Baltimore Jewish Council, and on the board of directors of The Associated Jewish Community Federation of Baltimore, and a founder and past president of the Jewish Arbitration and Mediation Board of Baltimore. He is also on the board of directors of Levindale Hebrew Geriatric Center and Hospital, a member company of LifeBridge Health, and on the Investment Committee of LifeBridge Health.

Mr. Poliakoff is well-qualified to serve as a member of our board due to his extensive experience with biotechnology, start-up companies, venture capital, and experience as a corporate attorney.

Scott R. Tobin, age 45, has served as a director of the Company since June 2011, pursuant to the terms of the Securities Purchase Agreement dated March 24, 2011 between the Company, Battery Ventures IX, L.P. (Battery) and certain other investors and the Securities Purchase Agreement dated January 28, 2013 between the Company, Battery and certain other investors, in which the Company agreed to appoint one nominee nominated by Battery to become a member of our board. In 1997, Mr. Tobin joined Battery Partners IX, LLC, the general partner of Battery, where he has been a managing member of various funds since May 2000. Prior to joining Battery Partners IX, LLC, Mr. Tobin held positions at First Albany Corp. and at Future Vision, a venture-backed software company that was sold to Softkey International. Mr. Tobin received a bachelor s degree with honors in International Relations and Islamic and Middle Eastern Studies from Brandeis University in 1992.

Mr. Tobin is well-qualified to serve as a member of the Company s Board of Directors due to his extensive corporate finance and multi-national operational experience.

Philip Breitfeld, age 63, has served as a director of the Company since April 2016. Dr. Breitfeld was most recently Global Vice President at Quintiles, responsible for the Therapeutic Centers of Excellence. Prior to that, he led the Oncology Center of Excellence at Quintiles where he worked with many large, mid-size and emerging biopharmaceutical firms. He held senior clinical development positions at Merck KGaA (EMD Serono in the US), where he led oncology development in the US, and at BioCryst, where he led oncology development and was Associate Chief Medical Officer. Prior to his career in industry, he held academic positions at Harvard, University of Massachusetts, Indiana University, and Duke. He has approximately 50 publications in the literature dealing with basic cell and molecular biology, and translational and clinical oncology. He was trained in Pediatric Hematology/Oncology at the Dana-Farber Cancer Institute, was a visiting scientist at the Whitehead Institute at MIT, received his medical degree (MD) from the University of Rochester, and his undergraduate degree (AB in chemistry) from Princeton.

Dr. Breitfeld is well-qualified to serve as a member of the Company s Board of Directors due to his extensive experience with clinical oncology development, operational experience and research.

The term of office of each director is until the next annual election of Directors and until a successor is elected and qualified or until the Director s earlier death, resignation or removal. Officers are appointed by the board of Directors and serve at the discretion of the board. There is no family relationship between or among any of the Company s

directors or officers.

Leadership Structure and Risk Oversight

While the board believes that there are various structures which can provide successful leadership to the Company, we currently have separate individuals serving in the roles of Chairman of the Board and Chief Executive Officer in recognition of the differences between the two roles. The Chief Executive Officer is responsible for setting the strategic direction for the Company and the day-to-day leadership of the Company,

while the Chairman of the Board provides guidance to the Chief Executive Officer and presides over meetings of the full board. This structure is appropriate at this time to the Company s business because it reflects the industry experience, vision and energy brought to the board of directors by the Chairman, Dr. Sidransky, and the Chief Executive Officer, Mr. Ackerman.

Management is responsible for the day-to-day management of risks the Company faces, while the board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the board of directors has the responsibility to satisfy itself that the risk management process designed and implemented by management are adequate and functioning as designed. To do this, the Chairman of the Board meets regularly with management to discuss strategy and the risks facing the Company. Senior management attends the board meetings and is available to address any questions or concerns raised by the board on risk management and any other matters. The Chairman of the Board and independent members of the board work together to provide strong, independent oversight of the Company s management and affairs through its standing committees and, when necessary, special meetings of independent directors.

Independence of Directors

The board of directors has determined that Messrs. Mendelson, Poliakoff, Tobin and Breitfeld are independent as defined in Rule 5605(a)(2) of the Nasdaq Stock Market Rules (Nasdaq Rules). On October 28, 2015 we received a notification letter from Nasdaq confirming our notification to Nasdaq of our non-compliance with Nasdaq listing rule 5605(b)(1)(A), which requires that our board consist of a majority of independent directors. Such non-compliance occurred when a former director of ours did not stand for re-election at our most recent annual stockholder meeting. On April 11, 2016, Dr. Breitfeld joined the board. Our board currently consists of four independent directors and three non-independent directors.

Board Committees

The board has the following committees, each of which meets at scheduled times:

Audit Committee. The Audit Committee is appointed by the board to assist the board in its duty to oversee the Company s accounting, financial reporting and internal control functions and the audit of the Company s financial statements. The role of the Audit Committee is to oversee management in the performance of its responsibility for the integrity of the Company s accounting and financial reporting and its systems of internal controls, the performance and qualifications of the company s independent auditor, including the independent auditor s independence, the performance of the Company s internal audit function; and the Company s compliance with legal and regulatory requirements.

The current members of the Audit Committee are: (i) Scott Tobin, who is serving as Chairperson, (ii) Abba David Poliakoff and (iii) Daniel Mendelson, each of whom is independent under the Nasdaq Rules. Our board of directors has reviewed whether our Audit Committee members meet the heightened independence standards of Rule 10A-3 of the Securities Exchange Act of 1934, as amended, and the Nasdaq Rules, and concluded that each member meets such requirements. The board has also examined the SEC s definition of audit committee financial expert and determined that Mr. Tobin satisfies this definition. Accordingly, Mr. Tobin has been designated by the board as the Company s audit committee financial expert. The Audit Committee met four times during the fiscal year ended April 30, 2015.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for developing and implementing policies and procedures that are intended to assure that the board of

directors will be appropriately constituted and organized to meet its fiduciary obligations to the Company and the stockholders on an ongoing basis. The Nominating and Corporate Governance Committee makes recommendations to the board regarding matters and practices concerning the board, its committees and individual directors; evaluates the current composition and governance structure of the board and determines its future requirements; makes recommendations concerning the qualifications, compensation and retirement age of directors; recommends nominees for election to the board and establishes and administers a board evaluation process; makes recommendations to the board about the appointment of directors to the Board Committees and the selection of the Chairpersons of the board committees; and reviews timely nominations by stockholders for the election of directors and ensures that such stockholders are advised of any action taken by the board with respect thereto.

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The current members of Nominating and Corporate Governance Committee are: (i) Daniel Mendelson, who is serving as Chairperson and (ii) Abba David Poliakoff, each of whom is independent under the Nasdaq Rules. The Nominating and Corporate Governance Committee met one time during the fiscal year ended April 30, 2015. The policy of our board is to encourage the selection of directors who will contribute to our company. The Nominating and Corporate Governance Committee considers recommendations from stockholders, as well as other people, as it deems appropriate. Stockholders wishing to nominate a director candidate must comply with certain procedures. We explain the procedures for nominating a director candidate at next year s annual meeting in Other Matters.

Compensation Committee. The Compensation Committee is charged with reviewing and determining the compensation of the Chief Executive Officer and the other executive officers of the Company. The Compensation Committee, among other things, reviews all forms of compensation for senior management of the Company, including the form and amount of current salary, deferred salary, cash and non-case benefits and all compensation plans of the Company; approves base salary amounts, incentive and bonus compensation amounts and individual stock and/or option grants and awards for all corporate officers at or above the Vice President level (including the President) and all other reporting officers of the Company; administers the Company s 2010 Equity Incentive Plan; prepares and approves reports to stockholders on compensation matters required by the Securities and Exchange Commission, or the SEC, and other government bodies; performs an annual performance appraisal for the President and other senior managers designated by the board; and establishes levels of director compensation.

The current members of the Compensation Committee are: (i) Abba David Poliakoff, who is serving as Chairperson; (ii) Scott Tobin; and (iii) Daniel Mendelson, each of whom is independent under the Nasdaq Rules. The Compensation Committee met one time during the fiscal year ended April 30, 2015.

Director Compensation

The following table summarizes the compensation paid to directors, other than directors who are also named executive officers and whose compensation as directors is reflected in the Summary Compensation Table in the Executive Compensation section of this prospectus, for the fiscal year ended April 30, 2015.

Name[1]	Fees Earned or Paid in cash ($)	Stock awards ($)	Option awards ($)[2]	All other compensation ($)	Total ($)
Arthur G. Epker, III[3]			101,675		101,675
Daniel Mendelson			97,615		97,615
Abba David Poliakoff			80,016		80,016
David Sidransky			133,360		133,360
Scott R. Tobin			100,293		100,293

(1) Joel Ackerman and Ronnie Morris are named executive officers whose compensation is set forth in the Summary Compensation Table and related disclosure in the Executive Compensation section of this proxy statement. Mr. Ackerman and Dr. Morris did not receive any additional compensation for their service as directors.

(2) Included in the Option Awards column is the grant date fair value of stock option grants, calculated in accordance with FASB ASC Topic 718.

(3)

On August 28, 2015, Arthur G. Epker III notified the Company of his decision not to stand for re-election to the board at the Company s 2015 Annual Meeting of Stockholders held on October 13, 2015. All of Mr. Epker s stock options vested upon his resignation and expire five years from the date of issuance.

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Mr. Epker received options to purchase 8,334 shares for his services on the board of directors and its committees in fiscal 2015. Messrs. Mendelson, Poliakoff and Tobin each received an option to purchase 10,000 shares for their services on the board of directors and its committees in fiscal 2015. Mr. Sidransky received an option award to purchase 16,667 shares for his service as the Chairman of the Board in fiscal 2015.

Code of Ethics

The Company has a Code of Ethics that applies to all Company employees as well as members of the board of directors. The Company s Code of Ethics has been filed as Exhibit 14 to the Company s Annual Report on Form 10-KSB for the year ended April 30, 2008.

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EXECUTIVE COMPENSATION

In this section, information is discussed with respect to named executive officers, as defined by the SEC regulations applicable to the Company, which includes all individuals who served as the Company s principal executive officer during the year ended April 30, 2015, the Company s two most highly compensated executive officers whose total compensation for the fiscal year ended April 30, 2015 exceeded $100,000 (other than the principal executive officer) and who were serving in such capacities on April 30, 2015, and up to two additional individuals for whom disclosure would have been provided as the two most highly compensated executive officers but for the fact that they were not serving as executive officers on April 30, 2015. The Company s only principal executive officer during fiscal 2015 was Mr. Ackerman and the Company s two most highly compensated other executive officers at April 30, 2015 and during fiscal 2015 were Dr. Morris and Mr. McGorry.

Summary Compensation Table

The following table sets forth information regarding the total compensation paid or earned by the named executive officers as compensation for their services in all capacities during the fiscal years ended April 30, 2015 and 2014.

Name and Principal Position	Fiscal Year	Base Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)[1]	All Other Compensation	Total ($)
Joel Ackerman	2014	53,182			3,126,571		3,179,753
Chief Executive Officer	2015	79,856			325,000		404,856
Ronnie Morris	2014	43,527			3,126,571		3,170,098
President	2015	65,359			305,000		370,359
James J. McGorry	2014	181,250			1,061,700		1,242,950
Former Executive Vice President and General Manager, Translational Oncology Solutions[2]	2015	275,000	36,667		12,334		324,001

(1) The amounts shown on the Option Awards column reflect the grant date value of the stock option awards computed in accordance with Financial Accounting Standards Board ASC Topic 718. For a discussion of valuation assumptions, see note 6 to our audited financial statements included elsewhere in this prospectus.

(2) Mr. McGorry commenced his employment on September 3, 2013 and subsequently resigned from office on July 2, 2015.

The Compensation Committee has the right to change and increase the compensation of executive officers at any time.

Employment Agreements

Joel Ackerman, Chief Executive Officer

The Company entered into an employment agreement with Mr. Ackerman dated November 5, 2013, which provides for Mr. Ackerman s continued employment as Chief Executive Officer, and provides further that his annual salary will be $325,000 per year. The agreement also provides that for so long as Mr. Ackerman serves as an executive officer of the Company, the board shall nominate him as a director. On March 16, 2015, the Company amended the employment agreement, whereby compensation for the current year would consist only of stock options. For the third year,

compensation will consist of $325,000 in cash. Mr. Ackerman will be eligible to receive an annual bonus, with a target of 50% of his annual salary upon achievement of the Company s annual plan and a maximum payout of 75% of his annual salary, which bonus may be payable in cash or equity at the discretion of our board of directors. On March 16, 2015, the options received pursuant to the employment agreement were exchanged for new options as follows: (i) an option to purchase 112,332 shares, subject to time-based vesting and (ii) an option to purchase 112,332 shares, subject to performance-based vesting, both under the Company s 2010 Equity Incentive Plan and both with an exercise price of $4.92 per share. In addition, all options will vest immediately upon a change of control of the Company.

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Ronnie Morris, M.D., President

The Company entered into an employment agreement with Mr. Morris dated November 5, 2013, which provides for Mr. Morris continued employment as President of the Company and provides further that his annual salary will be $305,000 per year. The agreement also provides that for so long as Dr. Morris serves as an executive officer of the Company, the board shall nominate him as a director. On March 16, 2015, the Company amended the employment agreement, whereby compensation for the current year would consist only of stock options. For the third year, compensation will consist of $305,000 in cash. Mr. Morris will be eligible to receive an annual bonus, with a target of 50% of his annual salary upon achievement of the Company s annual plan and a maximum payout of 75% of his annual salary, which bonus may be payable in cash or equity at the discretion of our board of directors. On March 16, 2015, the options received pursuant to the employment agreement were exchanged as follows: (i) an option to purchase 112,332 shares, subject to time-based vesting and (ii) an option to purchase 112,332 shares, subject to performance-based vesting, both under the Company s 2010 Equity Incentive Plan and both with an exercise price of $4.92 per share. In addition, all options will vest immediately upon a change of control of the Company.

James J. McGorry, Former Executive Vice President and General Manager, Translational Oncology Services

Mr. McGorry accepted an offer letter from the Company, dated August 12, 2013, to serve as the Company s Executive Vice President and General Manager, Translational Oncology Services. Pursuant to such offer letter, Mr. McGorry s compensation included an annual base salary of $276,000, participation in the Company s employee benefit plans, an option to purchase 74,239 shares, and a target bonus between 33% and 50% of his annual base salary for his first year of employment. On July 2, 2015, Mr. McGorry resigned from his position and is no longer with the Company. Mr. McGorry s stock options expired unexercised on such date.

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OUTSTANDING EQUITY AWARDS AT 2015 FISCAL YEAR END

The following table sets forth, for each of the named executive officers, information with respect to unexercised options as of the Company s fiscal year at April 30, 2015:

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date[1]
Joel Ackerman[2]	365,160		$ 4.92	10/25/2020
	46,805	65,527	$ 4.92	11/04/2023
	16,101		$ 4.92	11/04/2023
		112,332	$ 4.92	11/04/2023
	72,213	24,071	$ 4.92	03/16/2025
Ronnie Morris, M.D.[2]	365,160		$ 4.92	10/25/2020
	46,805	65,527	$ 4.92	11/04/2023
	16,101		$ 4.92	11/04/2023
		112,332	$ 4.92	11/04/2023
	67,770	22,589	$ 4.92	03/16/2025
James G. McGorry[3]	39,182	35,057	$ 4.92	9/03/2023
	1,375		$ 4.92	05/20/2024

(1) All vested options will be exercisable over a ten-year period expiring on the tenth anniversary of the grant date, subject to earlier termination upon certain events.

(2) Comprised of 365,160 exchange options issued on March 16, 2015.

(3) Comprised of 39,182 options of a total of 74,239 options which vested prior to his resignation on July 2, 2015.

Equity Compensation Plan Information

The following table provides information, as of April 30, 2015, with respect to all compensation arrangements maintained by the Company, including individual compensation arrangements, under which shares are authorized for issuance. The weighted-average exercise price does not include restricted stock.

Plan Category (a)	Number of Securities to be issued upon exercise of outstanding options and rights (b)	Weighted-average exercise price of outstanding options and rights (c)	Number of securities remaining available for future issuance under equity compensation plans

			(excluding securities reflected in columns (a) and (c))
Equity compensation plans approved by stockholders 2010 Equity Incentive Plan	1,982,757	$ 5.65	28,017,243
Equity compensation plans not approved by stockholders Directors Compensation Plan 2008 Equity Incentive Plan	31,750	$ 10.29	5,978,250
Total	2,014,507	$ 5.72	33,995,493

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RELATED PARTY TRANSACTIONS

We engaged in the following transactions with our directors, executive officers, immediate family members of our directors or executive officers, and beneficial owners of 5% or more of our common stock.

Dr. Sidransky, who is one of our directors, our Chairman of the Board, and who beneficially owned 11.2% of our common stock as of the date of this prospectus, received $150,000 in consulting fees from us during the fiscal year ended April 30, 2014, and $62,500 in consulting fees from us during the fiscal year ended April 30, 2015.

On March 13, 2015, in connection with a private placement, we sold 2,939,252 units, each unit consisting of one share of our common stock and a warrant to buy 0.55 shares of common stock, at a purchase price of $4.80 per unit, for an aggregate of approximately $14,000,000 (net proceeds of approximately $13 million, which included the conversion of $2 million in convertible notes issued in December 2014). As part of the $14 million transaction, Mr. Ackerman and Dr. Morris converted convertible promissory notes dated December 1, 2014 in the principal amounts of $1 million each, plus accrued interest, into the units at a 5% discount, pursuant to the terms of the convertible promissory notes. Mr. Ackerman and Dr. Morris also each received 5,902 shares of common stock due to certain anti-dilution rights invoked by such private placement. Battery Ventures IX, L.P. and Battery Investment Partners IX, LLC also received 95,837 and 958 additional shares of common stock, respectively, due to certain anti-dilution rights invoked by such private placement. As discussed, Scott Tobin, one of our directors, is an employee of the Battery entities pursuant to agreements we have with the Battery entities, including the securities purchase agreement for the January 2013 private placement. Dan Mendelson, one of our directors, also participated in the private placement for $300,000 and received 62,500 shares and warrants to purchase 34,375 shares.

Arthur G. Epker, III, was one of our directors, is a Vice President and partner of PAR Capital Management, Inc., an investment adviser that manages PAR Investment Partners, L.P., and had been one of our directors pursuant to an agreement we have with PAR Investment Partners, L.P. in the securities purchase agreement for the January 2013 private placement. He is no longer one of our directors.

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PRINCIPAL STOCKHOLDERS

The following table sets forth, as of the date of this prospectus, the total number of common stock owned beneficially by (i) each of our named executive officers, (ii) each of our directors, (iii) all of our current directors and officers as a group and (iv) the present owners of 5% or more of the outstanding shares of our common stock. For purposes of calculating beneficial ownership, the applicable percentage of ownership is based upon 8,710,029 shares of common stock outstanding as of the date of this prospectus. Shares issuable pursuant to options or warrants exercisable within 60 days after the date of this prospectus are deemed outstanding for purposes of computing the percentage ownership of the person holding such options or warrants, but are not deemed outstanding for computing the percentage of ownership for any other person. Unless otherwise indicated in the footnotes to this table, beneficial ownership of shares of our common stock represents sole voting and investment power with respect to those shares.

Name	Shares of Common Stock	% of Common Stock Before Offering	% of Common Stock After Offering
Directors and Named Executive Officers[1]			
Joel Ackerman[2]	1,115,968	11.4 %	9.7 %
Daniel Mendelson[3]	139,097	1.6 %	1.3 %
David Miller[4]	18,655	*	*
Ronnie Morris, M.D.[5]	1,112,175	11.4 %	9.7 %
Abba David Poliakoff[6]	87,387	*	*
David Sidransky, M.D.[7]	989,999	11.2 %	9.2 %
Scott R. Tobin[8]	2,528,340	27.2 %	22.4 %
Philip Breitfeld	4,167	*	*
All directors and executive officers as a group (8 persons)[9]	5,995,787	62.0 %	52.9 %
5% Owners (not already included above)			
Entities affiliated with Battery Ventures[10]	2,490,007	26.9 %	22.1 %
New Enterprise Associates 14, L.P.[11]	2,421,875	25.3 %	20.9 %
PAR Capital Management Inc.[12]	970,833	11.0 %	9.0 %
PAR Group, L.P.[13]	970,833	11.0 %	9.0 %
PAR Investment Partners, L.P.[14]	970,833	11.0 %	9.0 %

* Less than one percent.

(1) Unless otherwise specified below, the business address of each of the above persons is: c/o Champions Oncology, Inc., One University Place, Suite 307, Hackensack, NJ 07601.

(2) Includes 812,387 shares issuable upon the exercise of options and warrants have vested or will vest within 60 days of the date of this prospectus.

(3) Includes 8,333 shares held by a revocable living trust of which Mr. Mendelson is the lifetime beneficiary and co-trustee and 68,264 shares issuable upon the exercise of options and warrants that have vested or will vest within 60 days of the date of this prospectus.

(4) Consists of 18,655 shares issuable upon the exercise of options that have vested or will vest within 60 days of the date of this prospectus.

(5)

Includes 800,261 shares issuable upon the exercise of options and warrants that have vested or will vest within 60 days of the date of this prospectus and 8,333 shares held by a partnership in which Dr. Morris is a partner.

(6) Includes 46,667 shares issuable upon the exercise of options that have vested or will vest within 60 days of the date of this prospectus.

(7) Includes 98,334 shares issuable upon the exercise of options that have vested or will vest within 60 days of the date of this prospectus.

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(8) Includes 38,333 shares issuable upon the exercise of options that have vested or will vest within 60 days of the date of this prospectus. Also consists of 1,934,209 shares held by Battery Ventures IX, L.P. (BVIX) and 19,340 shares held by Battery Investment Partners IX, LLC (BIPIX). Also includes 531,150 shares which BVIX has the right to acquire through the exercise of warrants, and 5,313 shares which BIPIX has the right to acquire through the exercise of warrants. Battery Partners IX, LLC (BPIX) is the sole general partner of BVIX and the sole managing member of BIPIX. BPIX s investment advisor is Battery Management Corp. (together with BPIX, the Battery Companies). Mr. Tobin is a managing member and officer of the Battery Companies and may be deemed to share voting and dispositive power over the shares held by BVIX and BIPIX. Mr. Tobin expressly disclaims beneficial ownership over all shares held by BVIX and BIPIX, except to the extent of his indirect pecuniary interest therein.

(9) Includes 3,442,622 shares issuable upon the exercise of options and warrants that have vested or will vest within 60 days of the date of this prospectus.

(10) Includes 1,934,209 shares held by BVIX and 19,340 shares held by BIPIX. Also includes 531,150 shares which BVIX has the right to acquire through the exercise of warrants, and 5,313 shares which BIPIX has the right to acquire through the exercise of warrants. Mr. Tobin, Thomas J. Crotty, Richard D. Frisbie, Kenneth P. Lawler, R. David Tabors, Roger H. Lee, Neeraj Agrawal, Michael M. Brown, and Jesse Feldman are the managing members and officers of the Battery Companies and may be deemed to share voting and dispositive power over the shares held by BVIX and BIPIX. Mr. Tobin, Mr. Crotty, Mr. Frisbie, Mr. Lawler, Mr. Tabors, Mr. Lee, Mr. Agrawal, Mr. Brown, and Mr. Feldman each expressly disclaims beneficial ownership over all shares held by BVIX and BIPIX except to the extent of their indirect pecuniary interest therein. The business address of BVIX, BIPIX and BPIX is c/o Battery Ventures, One Marina Park Drive, Suite 1100, Boston, MA 02210.

(11) Includes 859,375 shares issuable upon exercise of a warrant. New Enterprise Associates 14, L.P. (NEA 14) is the record owner of these securities. As the sole general partner of NEA 14, NEA Partners 14, L.P. (NEA 52 Partners 14) may be deemed to own beneficially such securities. As the sole general partner of NEA Partners 14, NEA 14 GP, LTD (NEA 14 LTD) may be deemed to own beneficially such securities. As members of NEA 14 LTD, each of M. James Barrett, Peter J. Barris, Forest Baskett, Ryan D. Drant, Anthony A. Florence, Jr., Patrick J. Kerins, Krishna S. Kolluri, David M. Mott, Scott D. Sandell, Peter W. Sonsini, Ravi Viswanathan and Harry R. Weller may be deemed to own beneficially such securities.

(12) Includes 137,500 shares issuable upon exercise of a warrant that has vested, held by PIP. PAR Group is the general partner of PIP and PCM is the general partner of PAR Group. The business address of PCM is c/o PAR Investment Partners, One International Place, Suite 2401, Boston, MA 02110. This information is derived from a Schedule 13D filed by PIP, PAR Group and PCM on March 19, 2013.

(13) Includes 137,500 shares issuable upon exercise of a warrant that has vested, held by PIP. PAR Group is the general partner of PIP. The business address of PAR Group is c/o PAR Investment Partners, One International Place, Suite 2401, Boston, MA 02110. This information is derived from a Schedule 13D filed by PIP, PAR Group and PCM on March 19, 2013.

(14) Includes 137,500 shares issuable upon exercise of a warrant that has vested. The business address of PIP is c/o PAR Investment Partners, One International Place, Suite 2401, Boston, MA 02110. This information is derived from a Schedule 13D filed by PIP, PAR Group and PCM on March 19, 2013.

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DESCRIPTION OF SECURITIES

General

As of the date of this prospectus, our authorized capital stock consisted of 200,000,000 shares of common stock, $0.001 par value per share. As of the date of this prospectus, there are 8,971,923 shares of our common stock issued and 8,710,029 shares outstanding.

Common Stock

Holders of our common stock are entitled to one vote per share. Our certificate of incorporation does not provide for cumulative voting. Holders of our common stock are entitled to receive ratably such dividends, if any, as may be declared by our board of directors out of legally available funds. However, the current policy of our board of directors is to retain earnings, if any, for the operation and expansion of the company. Upon liquidation, dissolution or winding-up, the holders of our common stock are entitled to share ratably in all of our assets which are legally available for distribution, after payment of or provision for all liabilities.

Stock Options

As of the date of this prospectus, there are issued and outstanding stock options to purchase 2,215,257 shares of common stock, of which 1,737,618 are exercisable, with a weighted average exercise price of $5.58 per share.

Warrants

As of the date of this prospectus, there are outstanding warrants to purchase 2,109,840 shares of common stock, of which 100% are exercisable, with a weighted average exercise price of $5.54 per share.

Anti-Takeover Provisions

Delaware Law

We are subject to Section 203 of the Delaware General Corporation Law. This provision generally prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date the stockholder became an interested stockholder, unless:

prior to such date, the board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by persons who are directors and also officers and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

on or subsequent to such date, the business combination is approved by the board of directors and authorized at an annual meeting or special meeting of stockholders and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines a business combination to include:

any merger or consolidation involving the corporation and the interested stockholder;

any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;

subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of a corporation, or an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of a corporation at any time within three years prior to the time of determination of interested stockholder status; and any entity or person affiliated with or controlling or controlled by such entity or person.

These statutory provisions could delay or frustrate the removal of incumbent directors or a change in control of our company. They could also discourage, impede, or prevent a merger, tender offer, or proxy contest, even if such event would be favorable to the interests of stockholders.

Amended and Restated Certificate of Incorporation and Bylaw Provisions

Our amended and restated certificate of incorporation and bylaws contain provisions that could have the effect of discouraging potential acquisition proposals or making a tender offer or delaying or preventing a change in control, including changes a stockholder might consider favorable. In particular, the certificate of incorporation and bylaws, as applicable, among other things:

- provide our board of directors with the ability to alter its bylaws without stockholder approval; and
- provide that vacancies on our board of directors may be filled by a majority of directors in office, although less than a quorum.

Such provisions may have the effect of discouraging a third-party from acquiring us, even if doing so would be beneficial to our stockholders. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by them, and to discourage some types of transactions that may involve an actual or threatened change in control of our company. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal and to discourage some tactics that may be used in proxy fights. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company outweigh the disadvantages of discouraging such proposals because, among other things, negotiation of such proposals could result in an improvement of their terms.

However, these provisions could have the effect of discouraging others from making tender offers for our shares that could result from actual or rumored takeover attempts. These provisions also may have the effect of preventing changes in our management.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Mountain Share Transfer, LLC.

Listing

The shares of our common stock are currently quoted on the Nasdaq Capital Market under the symbol CSBR.

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SHARES ELIGIBLE FOR FUTURE SALE

Future sales of our common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. Based on the number of shares outstanding as of the date of this prospectus, upon the completion of this offering, 10,710,029 shares of our common stock will be outstanding, assuming (i) no exercise of the underwriter s option to purchase additional shares and (ii) no exercise of outstanding options or warrants.

Rule 144

Pursuant to Rule 144, a person who has beneficially owned restricted shares of our common stock or warrants for at least six months would be entitled to sell their securities provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least three months before the sale and have filed all required reports under Section 13 or 15(d) of the Exchange Act during the 12 months (or such shorter period as we were required to file reports) preceding the sale.

Persons who have beneficially owned restricted shares of our common stock or warrants for at least six months but who are our affiliates at the time of, or at any time during the three months preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of:

- 1% of the total number of shares of common stock then outstanding; or
- the average weekly reported trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales by our affiliates under Rule 144 are also limited by manner of sale provisions and notice requirements and to the availability of current public information about us.

For purposes of the six-month holding period requirement of Rule 144, a person who beneficially owns restricted shares of our common stock issued pursuant to a cashless exercise of a warrant shall be deemed to have acquired such shares, and the holding period for such shares shall be deemed to have commenced on the date the warrant was originally issued.

Restrictions on the Use of Rule 144 by Shell Companies or Former Shell Companies

Rule 144 is not available for the resale of securities initially issued by shell companies (other than business combination related shell companies) or issuers that have been at any time previously a shell company. However, Rule 144 also includes an important exception to this prohibition if the following conditions are met:

- the issuer of the securities that was formerly a shell company has ceased to be a shell company;
- the issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act;
- the issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports; and
- at least one year has elapsed from the time that the issuer filed current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company.

Lock-Up Agreements

In connection with this offering, we and our officers and directors have agreed to enter into lock-up agreements with the underwriter. See   Underwriting   for more information.

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UNDERWRITING

We have entered into an underwriting agreement, dated June 9, 2016 with National Securities Corporation acting as the sole book-running manager and underwriter named below. Subject to the terms and conditions of the underwriting agreement, the underwriter named below has agreed to purchase, and we have agreed to sell to the underwriter, the number of shares of common stock at the public offering price, less the underwriting discounts and commissions, as set forth on the cover page of this prospectus and as indicated below:

Underwriter	Number of Shares
National Securities Corporation	2,000,000
Total	**2,000,000**

A copy of the underwriting agreement has been filed as an exhibit to the registration statement of which this prospectus is a part. The underwriting agreement provides that the obligations of the underwriter to pay for and accept delivery of the shares offered by this prospectus are subject to the approval of certain legal matters by its counsel and to other conditions. The underwriter is obligated to take and pay for all of the shares offered by this prospectus if they purchase any shares, other than those shares covered by the over-allotment option described below.

Over-Allotment Option to Purchase Additional Shares

We have granted to the underwriter an option, exercisable no later than 45 calendar days after the date of the underwriting agreement to purchase up to 300,000 shares of common stock at a price, after the underwriting discount, of $0.18 per share, from us to cover over-allotments. The underwriter may exercise this option only to cover over-allotments, if any, made in connection with this offering. To the extent the option is exercised and the conditions of the underwriting agreement are satisfied, we will be obligated to sell to the underwriter, and the underwriter will be obligated to purchase, these additional shares of common stock.

Discounts and Commissions

The following table summarizes the public offering price, underwriting discount and proceeds before expenses to us. These amounts are shown assuming both with no exercise and with full exercise of the over-allotment option. We estimate the total expenses payable by us for this offering to be up to approximately $650,000, which amount includes (i) the underwriting discount of $360,000 ($414,000 if the underwriter s over-allotment option is exercised in full), (ii) reimbursement of the accountable expenses of the underwriter equal to $75,000, including the legal fees of the underwriter being paid by us, and (iii) other estimated company expenses of approximately $215,000, which includes legal, accounting, printing costs and various fees associated with the registration and listing of our shares. Any advanced payments to the underwriters will be refundable to the extent not actually incurred in compliance with FINRA Rule 5110(f)(2)(C). In no event will the aggregated expenses reimbursed to the underwriters exceed $75,000. The fees and expenses of the underwriters that we have agreed to reimburse are not included in the underwriting discount set forth in the table below. The underwriting discount was determined through arms length negotiations between us and the underwriters.

Total

	Without Over-Allotment	With Over-Allotment
Public offering price	4,500,000	5,175,000
Underwriting discounts and commissions	360,000	414,000
Proceeds, before expenses, to us	4,140,000	4,761,000

The total expenses of the offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding underwriting discounts and commissions, are payable by us. In addition, we will reimburse the underwriter for expenses it incurs in connection with this offering, including but not limited to reasonable legal fees, up to an aggregate amount of $75,000.

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Lock-Up Agreements

We and each of our officers and directors have agreed, subject to certain exceptions, not to offer, issue, sell, contract to sell, encumber, grant any option for the sale of or otherwise dispose of any shares of our common stock or other securities convertible into or exercisable or exchangeable for shares of our common stock for a period of ninety (90) days after the effective date of the registration statement (of which this prospectus is a part) without the prior written consent of National Securities Corporation.

National Securities Corporation may, in its sole discretion and at any time without notice, release some or all of the shares subject to lock-up agreements prior to the expiration of the lock-up period. When determining whether or not to release shares from the lock-up agreements, National Securities Corporation will consider, among other factors, the security holder s reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time.

Price Stabilization, Short Positions and Penalty Bids

In connection with this offering, the underwriter may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock during and after the offering. Specifically, the underwriter may over-allot in connection with this offering by selling more shares than are set forth on the cover page of this prospectus. This creates a short position in our common stock for its own account. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares common stock over-allotted by the underwriter is not greater than the number of shares of common stock that they may purchase in the over-allotment option. In a naked short position, the number of shares of common stock involved is greater than the number of shares common stock in the over-allotment option. To close out a short position, the underwriter may elect to exercise all or part of the over-allotment option. The underwriter may also elect to stabilize the price of our common stock or reduce any short position by bidding for, and purchasing, common stock in the open market.

The underwriter may also impose a penalty bid. This occurs when an underwriter or dealer repays selling concessions allowed to it for distributing a security in this offering because the underwriter repurchases that security in stabilizing or short covering transactions.

Finally, the underwriter may bid for, and purchase, shares of our common stock in market making transactions, including passive market making transactions as described below.

These activities may stabilize or maintain the market price of our common stock at a price that is higher than the price that might otherwise exist in the absence of these activities. The underwriter is not required to engage in these activities, and may discontinue any of these activities at any time without notice. These transactions may be effected on the Nasdaq Capital Market, in the over-the-counter market, or otherwise.

In connection with this offering, the underwriter and selling group members, if any, or their affiliates may engage in passive market making transactions in our common stock immediately prior to the commencement of sales in this offering, in accordance with Rule 103 of Regulation M under the Exchange Act. Rule 103 generally provides that:

a passive market maker may not effect transactions or display bids for our common stock in excess of the highest independent bid price by persons who are not passive market makers;
net purchases by a passive market maker on each day are generally limited to 30% of the passive market maker s average daily trading volume in our common stock during a specified two-month prior period or 200 shares,

whichever is greater, and must be discontinued when that limit is reached; and

passive market making bids must be identified as such.

Other Terms

The underwriter and its affiliates may in the future provide various investment banking and other financial services for us, for which they may receive customary fees.

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Indemnification

We have agreed to indemnify the underwriter against liabilities relating to the offering arising under the Securities Act and the Exchange Act, liabilities arising from breaches of the representations and warranties contained in the underwriting agreement, and to contribute to payments that the underwriter may be required to make for these liabilities.

Electronic Distribution

A prospectus in electronic format may be made available on a website maintained by the underwriter. The underwriter may agree to allocate a number of shares to selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriter to selling group members that may make Internet distributions on the same basis as other allocations. In connection with the offering, the underwriter or selling group members may distribute prospectuses electronically. No forms of electronic prospectus other than prospectuses that are printable as Adobe® PDF will be used in connection with this offering.

The underwriter has informed us that it does not expect to confirm sales of shares offered by this prospectus to accounts over which it exercises discretionary authority.

Other than the prospectus in electronic format, the information on any underwriter s website and any information contained in any other website maintained by an underwriter is not part of the prospectus or the registration statement (of which this prospectus forms a part), has not been approved and/or endorsed by us or any underwriter in its capacity as underwriter and should not be relied upon by investors.

Foreign Regulatory Restrictions on Purchase of Securities Generally

No action has been or will be taken in any jurisdiction (except in the United States) that would permit a public offering of the securities offered by this prospectus, or the possession, circulation or distribution of this prospectus or any other material relating to us or the securities offered hereby in any jurisdiction where action for that purpose is required. Accordingly, the securities offered hereby may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with the securities offered hereby may be distributed or published in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction.

The underwriter may arrange to sell securities offered by this prospectus in certain jurisdictions outside the United States, either directly or through affiliates, where it is permitted to do so.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), no offer of any shares may be made to the public in that Relevant Member State other than under the following exemptions to the Prospectus Directive:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or

in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares shall require us or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and

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agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

We, our representatives and affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This prospectus has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly, any person making or intending to make an offer in that Relevant Member State of shares which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for us or the underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the underwriter has authorized, nor does it authorize, the making of any offer of shares in circumstances in which an obligation arises for us or the underwriter to publish a prospectus for such offer.

For the purpose of the above provisions, the expression an offer to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

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LEGAL MATTERS

The validity of the securities that may be offered by this prospectus has been passed upon for us by Ellenoff Grossman & Schole LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriter by Duane Morris LLP, Philadelphia, Pennsylvania.

EXPERTS

The consolidated balance sheet of Champions Oncology, Inc. as of April 30, 2015, and the related consolidated statement of operations, comprehensive loss, stockholders equity, and cash flows for the year then ended, have been audited by EisnerAmper LLP, an independent registered public accounting firm, as stated in their report which is included herein. Such financial statements have been included herein in reliance on the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements as of and for the year ended April 30, 2014 included in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to this offering of our securities. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some items of which are contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our securities, we refer you to the registration statement, including the exhibits and schedules thereto. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The exhibits to the registration statement should be referenced for the complete contents of these contracts and documents. You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is *www.sec.gov.*

We are subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, are required to file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information are available for inspection and copying at the SEC s public reference facilities and the website of the SEC referred to above. We also maintain a website at *www.championsoncology.com.* You may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The information contained in, or that can be accessed through, our website is not part of this prospectus.

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CHAMPIONS ONCOLOGY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (Dollars in Thousands, Except Per Share Amounts)

	January 31, 2016 (unaudited)	April 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,293	$ 9,357
Accounts receivable, net	2,105	1,060
Prepaid expenses and other current assets	414	346
Total current assets	5,812	10,763
Restricted cash	150	163
Property and equipment, net	514	452
Goodwill	669	669
Total assets	$ 7,145	$ 12,047
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 1,515	$ 1,414
Accrued liabilities	257	373
Deferred revenue	2,875	2,009
Total current liabilities	4,647	3,796
Other non-current liabilities	239	192
Total liabilities	4,886	3,988
Commitments and Contingencies		
Stockholders equity:		
Common stock, $.001 par value; 200,000,000 shares authorized; 8,963,590 shares issued and 8,702,237 shares outstanding as of January 31, 2016 and April 30, 2015, respectively	9	9
Treasury stock, at cost, 269,686 common shares as of January 31, 2016 and April 30, 2015	(1,252)	(1,252)
Additional paid-in capital	63,394	61,322
Accumulated deficit	(59,892)	(52,020)
Total stockholders equity	2,259	8,059
Total liabilities and stockholders equity	$ 7,145	$ 12,047

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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CHAMPIONS ONCOLOGY, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Dollars in Thousands, Except Per Share Amounts)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2016	2015	2016	2015
Operating revenue:				
Personalized oncology solutions	$416	$453	$1,387	$1,245
Translational oncology solutions	2,136	1,376	6,958	4,377
Total operating revenue	2,552	1,829	8,345	5,622
Costs and operating expenses:				
Cost of personalized oncology solutions	479	674	1,661	2,190
Cost of translational oncology solutions	1,627	1,301	4,683	3,225
Research and development	999	1,093	3,018	3,757
Sales and marketing	779	1,094	2,688	3,340
General and administrative	1,041	1,086	4,062	3,944
Total costs and operating expenses	4,925	5,248	16,112	16,456
Loss from operations	(2,373)	(3,419)	(7,767)	(10,834)
Other (expense) income:				
Change in fair value of warrant liability		621		1,401
Other (expense)	(8)	(6)	(29)	(3)
Total other (expense) income	(8)	615	(29)	1,398
Loss before provision for income taxes	(2,381)	(2,804)	(7,796)	(9,436)
Provision for income taxes	31	12	76	27
Net loss	$(2,412)	$(2,816)	$(7,872)	$(9,463)
Net loss per common share outstanding				
basic	$(0.28)	$(0.51)	$(0.90)	$(1.70)
and diluted	$(0.28)	$(0.61)	$(0.90)	$(1.94)
Weighted average common shares outstanding				
basic	8,702,237	5,574,447	8,702,237	5,574,244
and diluted	8,702,237	5,603,798	8,702,237	5,603,595

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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CHAMPIONS ONCOLOGY, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Dollars in Thousands)

	Nine Months Ended January 31, 2016	2015
Operating activities:		
Net loss	$ (7,872)	$ (9,463)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	2,090	2,284
Depreciation expense	114	166
Provision for bad debts	33	
Change in fair value of warrant liability		(1,401)
Changes in operating assets and liabilities:		
Accounts receivable	(1,078)	233
Prepaid expenses and other current assets	(68)	125
Restricted cash	13	2
Accounts payable	101	381
Accrued liabilities	(116)	(167)
Other non-current liability	64	
Deferred revenue	866	218
Net cash used in operating activities	(5,853)	(7,622)
Investing activities:		
Purchase of property and equipment	(176)	(84)
Net cash used in investing activities	(176)	(84)
Financing activities:		
Proceeds from executive note financing		2,000
Payment of issuance costs related to March 2015 Private Placement	(18)	
Capital lease payments	(17)	(5)
Proceeds from exercise of options		2
Net cash (used in)/provided by financing activities	(35)	1,997
Decrease in cash and cash equivalents	(6,064)	(5,709)
Cash and cash equivalents, beginning of period	9,357	5,891
Cash and cash equivalents, end of period	$ 3,293	$ 182
Non-cash investing activities:		
Purchase equipment under capital lease		124

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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CHAMPIONS ONCOLOGY, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization, Use of Estimates and Basis of Presentation

Champions Oncology, Inc. (the Company), is engaged in the development and sale of advanced technology solutions and products to personalize the development and use of oncology drugs. The Company s TumorGraft Technology Platform is a novel approach to personalizing cancer care based upon the implantation of human tumors in immune-deficient mice. The Company uses this technology, in conjunction with related services, to offer solutions for two consumer groups: Personalized Oncology Solutions (POS) and Translational Oncology Solutions (TOS). POS assists physicians in developing personalized treatment options for their cancer patients through tumor specific data obtained from drug panels and related personalized oncology services. The Company s TOS business offers a technology platform to pharmaceutical and biotechnology companies using proprietary TumorGraft studies, which the Company believes may be predictive of how drugs may perform in clinical settings.

The Company has three operating subsidiaries: Champions Oncology (Israel), Limited, Champions Biotechnology U.K., Limited and Champions Oncology Singapore, PTE LTD. Champions Oncology Singapore, PTE LTD is currently inactive and is in the process of being closed. For the three and nine months ended January 31, 2016 and 2015, there were no material revenues earned by these subsidiaries.

The Company s foreign subsidiaries functional currency is the U.S. dollar. Transaction gains and losses are recognized in earnings. The Company is subject to foreign exchange rate fluctuations in connection with the Company s international operations.

These unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission or the SEC. All significant intercompany transactions and accounts have been eliminated. Certain information related to the Company s organization, significant accounting policies and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States or GAAP has been condensed or omitted. The accounting policies followed in the preparation of these unaudited condensed consolidated financial statements are consistent with those followed in the Company s annual consolidated financial statements for the year ended April 30, 2015, as filed on Form 10-K. In the opinion of management, these unaudited condensed consolidated financial statements contain all material adjustments necessary to fairly state our financial position, results of operations and cash flows for the periods presented and the presentations and disclosures herein are adequate when read in conjunction with the Company s Annual Report on Form 10-K for the year ended April 30, 2015.

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

Liquidity

Our liquidity needs have typically arisen from the funding of our research and development programs and the launch of new products, working capital requirements, and other strategic initiatives. In the past, we have met these cash requirements through our sales of products and services, cash and cash equivalents, working capital management, and proceeds from certain private placements of our securities. As of January 31, 2016, we had positive working capital of $1.2 million and cash and cash equivalents on hand of $3.3 million. We believe that our cash and cash equivalents on hand at January 31, 2016 are adequate to fund our operations through at least April 2017. However, in order for us to continue as a going concern beyond this point, we may need to obtain capital from external sources. If we are unable to obtain additional financing, we may be required to reduce the scope of, or delay or eliminate, some of our research and development and other activities, which could harm our financial condition and operating results. Financing may not be available on acceptable terms or at all, and our failure to raise capital when needed could negatively impact our growth plans and our financial condition and results of operations. Additional equity financing may be dilutive to the

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CHAMPIONS ONCOLOGY, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization, Use of Estimates and Basis of Presentation (continued)

holders of our common stock and debt financing, if available, may involve significant cash payment obligations and covenants and/or financial ratios that could restrict our ability to operate our business.

Reverse Stock Split

On October 15, 2013, the shareholders of the Company authorized our Board of Directors to effect a reverse stock split of all outstanding shares of common stock, warrants and options. The Board of Directors subsequently approved the implementation of a reverse stock split at a ratio of one-for-twelve shares, which became effective on August 12, 2015. All share and per share data in these condensed consolidated financial statements and related notes hereto have been retroactively adjusted to account for the effect of the reverse stock split.

Earnings Per Share

Basic net loss per share is computed by dividing the net loss for the period by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing the net loss for the period by the weighted-average number of shares of common stock plus dilutive potential common stock considered outstanding during the period. Such dilutive shares consist of incremental shares that would be issued upon exercise of the Company s common stock purchase warrants and stock options. For the three and nine months ended January 31, 2016, basic and dilutive loss per share were the same, as the potentially dilutive securities did not have a dilutive effect. Although there were net losses for the three and nine months ended January 31, 2015, the gain from the change in fair value of the warrant liability for these periods had a dilutive effect on earnings per share.

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2016	2015	2016	2015
Basic loss per share computation				
Net loss attributable to common stockholders	$(2,412,381)	$(2,816,465)	$(7,872,115)	$(9,462,281)
Weighted Average common shares basic	8,702,237	5,574,447	8,702,237	5,574,244
Basic net loss per share	$(0.28)	$(0.51)	$(0.90)	$(1.70)
Diluted loss per share computation				
Net loss attributable to common stockholders	$(2,412,381)	$(2,816,465)	$(7,872,115)	$(9,462,281)
Less: Gain on derivative warrant liability		620,687		1,401,314
Loss available to common stockholders	$(2,412,381)	$(3,437,152)	$(7,872,115)	$(10,863,595)
Weighted Average common shares	8,702,237	5,574,447	8,702,237	5,574,244

Incremental shares from assumed exercise of warrants and stock options		29,351		29,351
Adjusted weighted average share diluted	8,702,237	5,603,798	8,702,237	5,603,595
Diluted net loss per share	$(0.28)	$(0.61)	$(0.90)	$(1.94)

The following table reflects the total potential share-based instruments outstanding at January 31, 2016 and 2015 that could have an effect on the future computation of dilution per common share:

	January 31,	
	2016	2015
Stock options	2,212,571	1,999,167
Warrants	2,109,840	260,556
Total common stock equivalents	4,322,411	2,259,723

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CHAMPIONS ONCOLOGY, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization, Use of Estimates and Basis of Presentation (continued)

Income Taxes

Deferred income taxes have been provided to show the effect of temporary differences between the recognition of expenses for financial and income tax reporting purposes and between the tax basis of assets and liabilities, and their reported amounts in the consolidated financial statements. In assessing the realizability of deferred tax assets, the Company assesses the likelihood that deferred tax assets will be recovered through tax planning strategies or from future taxable income, and to the extent that recovery is not likely or there is insufficient operating history, a valuation allowance is established. The Company adjusts the valuation allowance in the period management determines it is more likely than not that net deferred tax assets will or will not be realized. Changes in valuation allowances from period to period are included in the tax provision in the period of change. As of January 31, 2016 and 2015, the Company provided a valuation allowance for all net deferred tax assets, as recovery is not more likely than not based on an insufficient history of earnings.

Tax positions are positions taken in a previously filed tax return or positions expected to be taken in a future tax return that are reflected in measuring current or deferred income tax assets and liabilities reported in the consolidated financial statements. Tax positions include, but are not limited to, the following:

An allocation or shift of income between taxing jurisdictions;
The characterization of income or a decision to exclude reportable taxable income in a tax return; or
A decision to classify a transaction, entity or other position in a tax return as tax exempt.

The Company reflects tax benefits only if it is more likely than not that we will be able to sustain the tax position, based on its technical merits. If a tax benefit meets this criterion, it is measured and recognized based on the largest amount of benefit that is cumulatively greater than 50% likely to be realized. The Company has approximately $165,000 and $100,000 of unrecognized tax liabilities as of January 31, 2016 and April 30, 2015, respectively.

The Company s practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties on the Company s balance sheets at January 31, 2016 and April 30, 2015, and has not recognized interest and/or penalties in the statement of operations for either period. We do not anticipate any significant unrecognized tax benefits will be recorded during the next 12 months.

The income tax provision for the nine months ended January 31, 2016 and 2015 was $76,000 and $27,000, respectively.

Note 2. Property and Equipment

Property and equipment is recorded at cost and consists of laboratory equipment, leasehold improvements, furniture and fixtures, and computer equipment and software. Depreciation is calculated on a straight-line basis over the estimated useful lives of the various assets ranging from three to seven years. Property and equipment consisted of the following (table in thousands):

	January 31, 2016 (unaudited)	April 30, 2015
Furniture and fixtures	$ 73	$ 70
Computer equipment and software	710	685
Laboratory equipment	641	493
Leasehold improvements	2	2
Total property and equipment	1,426	1,250
Less: Accumulated depreciation	(912)	(798)
Property and equipment, net	$ 514	$ 452

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CHAMPIONS ONCOLOGY, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Property and Equipment (continued)

Depreciation expense, excluding expense recorded under capital lease, was $31,000 and $52,000 for the three months ended January 31, 2016 and 2015, respectively, and $95,000 and $166,000 for the nine months ended January 31, 2016 and 2015, respectively. As of January 31, 2016 and April 30, 2015, property, plant and equipment included assets held under capital lease of $124,000. Related depreciation expense was $6,000 and $6,000, respectively, for the three months ended January 31, 2016 and 2015, and $19,000 and $12,000 for the nine months ended January 31, 2016 and 2015, respectively.

Capital Lease

In November 2014, the Company entered into a lease for laboratory equipment. The lease is a capital lease that has costs of approximately $149,000 and matures on November 2019. The current monthly capital lease payment is approximately $3,000.

The following is a schedule by years of future minimum lease payments under this capital lease together with the present value of the net minimum lease payments as of January 31, 2016 (table in thousands):

For the Years Ended April 30,	Total
2016 (remaining)	$ 6
2017	24
2018	25
2019	27
2020	16
Total minimum payments	98
Less: amount representing interest	(10)
Present value of minimum payments	88
Less: current portion	(24)
	$ 64

The present value of minimum future obligations shown above is calculated based on an interest rate of 5%. The short-term and long-term components of the capital lease obligation are included in accrued liabilities and other non-current liabilities, respectively at January 31, 2016 and April 30, 2015.

Note 3. Share-Based Payments

The Company has in place a 2010 Equity Incentive Plan and a 2008 Equity Incentive Plan. In general, these plans provide for stock-based compensation in the form of (i) Non-statutory Stock Options; (ii) Restricted Stock Awards;

and (iii) Stock Appreciation Rights to the Company s employees, directors and non-employees. The plans also provide for limits on the aggregate number of shares that may be granted, the term of grants and the strike price of option awards.

CHAMPIONS ONCOLOGY, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Share-Based Payments (continued)

Stock-based compensation in the amount of $567,000 and $657,000 was recognized for the three months ended January 31, 2016 and 2015, respectively, and $2,090,000 and $2,284,000 for the nine months ended January 31, 2016 and 2015, respectively. Stock-based compensation expense was recognized as follows (table in thousands):

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2016	2015	2016	2015
General and administrative	$ 488	$ 474	$ 1,600	$ 1,530
Sales and marketing	27	114	173	447
Research and development	49	65	262	267
TOS cost of sales	2	2	28	20
POS cost of sales	1	2	27	20
Total stock-based compensation expense	$ 567	$ 657	$ 2,090	$ 2,284

Stock Option Grants

Black-Scholes assumptions used to calculate the fair value of options granted during the three and nine months ended January 31, 2016 and 2015 were as follows:

	Three Months Ended January 31,			Nine Months Ended January 31,			
	2016		2015	2016		2015	
Expected term in years	2.5	6		2.5	6	3	6
Risk-free interest rates	0.995%	1.75%		0.995%	1.77%	0.79%	1.94%
Volatility	82.72%	91.98%		82.72%	92.32%	85.8%	102.1%
Dividend yield	0%			0%		0%	

The weighted average fair value of stock options granted during the three months ended January 31, 2016 and 2015 was $3.12 and nil, respectively. The weighted average fair value of stock options granted during the nine months ended January 31, 2016 and 2015 was $3.60 and $8.04, respectively. The Company s stock options activity for the nine months ended January 31, 2016 was as follows:

	Non-Employees	Directors and Employees	Total	Weighted Average Exercise	Weighted Average Remaining	Aggregate Intrinsic Value

				Price	Contractual Life (Years)	
Outstanding, May 1, 2015	57,917	1,946,085	2,004,002	$ 5.74	6.7	$4,166,000
Granted		331,582	331,582	5.33	8.9	
Exercised						
Forfeited		(38,140)	(38,140)	6.64		
Expired	(6,667)	(78,206)	(84,873)	6.91		
Outstanding, January 31, 2016	51,250	2,161,321	2,212,571	5.61	6.4	$1,000
Vested and expected to vest as of January 31, 2016	51,250	2,161,321	2,212,571	5.61	6.4	$1,000
Exercisable as of January 31, 2016	34,271	1,644,223	1,678,494	5.76	5.8	$1,000

Included in the balances outstanding in the table above are 224,663 options (which vest based on service criteria) granted to each of the Company s Chief Executive Officer and its President as of November 5, 2013 as part of their employment agreements. In addition to the above, there are 224,663 additional options granted

CHAMPIONS ONCOLOGY, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Share-Based Payments (continued)

to each of the Company s Chief Executive Officer and President which vest based on both service and performance criteria. The service-based conditions of these options provide for vesting to occur monthly over a period of three years. The service-based options are expensed on a straight-line basis. Since the straight-line method is not available for performance or market-based share-based payments, the 224,663 performance-based options will be expensed on an accelerated basis once the Company determines it is probable that the performance-based conditions will be met.

Stock Purchase Warrants

As of January 31, 2016 and April 30, 2015, the Company had warrants outstanding for the purchase of 2,109,840 shares of its common stock, all of which were exercisable. Of these warrants, 1,849,285 were issued in connection with the March 2015 Private Placement as further discussed in Note 7 in the Company s Form 10-K for the fiscal year ended April 30, 2015. Activity related to these warrants, which expire at various dates through January 2019, is summarized as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, May 1, 2015	2,109,840	$ 5.54	4.6	$ 3,764,871
Granted				
Exercised				
Expired				
Outstanding, January 31, 2016	2,109,840	$ 5.54	3.9	$

Note 4. Related Party Transactions

Related party transactions include transactions between the Company and its shareholders, management, or affiliates. The following transactions, which are pre-approved by the Board of Directors, were in the normal course of operations and were measured and recorded at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Consulting Services

During the nine months ended January 31, 2016 and 2015, the Company paid a member of its Board of Directors $54,000 and $75,000, respectively, for consulting services unrelated to his duties as a board member. During the nine

months ended January 31, 2016 and 2015, the Company paid a board member s company $8,800 and nil, respectively, for consulting services unrelated to his duties as a board member. All of the amounts paid to these related parties have been recognized and expensed in the period the services were performed.

Note 5. Commitments and Contingencies

Operating Leases

As of January 31, 2016, we lease the following facilities under non-cancelable operating lease agreements:

One University Plaza, Suite 307, Hackensack, New Jersey 07601, which, since November 2011, serves as the Company s corporate headquarters. The lease expires in November 2016. The Company recognized $64,000 of rental costs relative to this lease for each of the nine months ended January 31, 2016 and 2015, respectively.
855 North Wolfe Street, Suite 619, Baltimore, Maryland 21205, which consists of laboratories and office space where the Company conducts operations related to its primary service offerings. This
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CHAMPIONS ONCOLOGY, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Commitments and Contingencies (continued)

lease expires June 2016. The Company recognized $65,000 of rental costs relative to this lease for each of the nine months ended January 31, 2016 and 2015.

57 Mohamed Sultan Road, Singapore, which served as office headquarters for Champions Oncology, Singapore. The lease expired in January 2015. The Company has not renewed this lease. The Company recognized nil and $4,000 of rental expense for the nine months ended January 31, 2016 and 2015, respectively.

450 East 29th Street, New York, New York, 10016, which is a laboratory at which we implant tumors. The Company recognized $87,000 and $35,000 of rental expense for the nine months ended January 31, 2016 and 2015, respectively. The lease expires in September 2016 and can be renewed by the Company for subsequent one year terms.

Legal Matters

The Company is not currently party to any legal matters to its knowledge. The Company is not aware of any other matters that would have a material impact on the Company s financial position or results of operations.

Registration Payment Arrangements

The Company has entered into an Amended and Restated Registration Rights Agreement in connection with the March 2015 Private Placement and is discussed more fully in Note 7 in the Company s Form 10-K for the fiscal year ended April 30, 2015. This Amended and Restated Registration Rights Agreement contains provisions that may call for the Company to pay penalties in certain circumstances. This registration payment arrangement primarily relates to the Company s ability to file a registration statement within a particular time period, have a registration statement declared effective within a particular time period and to maintain the effectiveness of the registration statement for a particular time period. The Company does not believe it is probable that such penalty payments will be made and, accordingly, has not accrued for such potential penalties as of January 31, 2016.

Note 6. Teva Agreement

On July 30, 2013, the Company entered into an agreement with Teva Pharmaceutical Industries Ltd. (Teva), pursuant to which the Company agreed to conduct TumorGraft studies on multiple proprietary chemical compounds provided by Teva to determine the activity or response of these compounds in potential clinical indications. Under the agreement, Teva agreed to pay an upfront payment and, under certain conditions, pay the Company various amounts upon achieving certain milestones, based on the performance of the compounds in preclinical testing and dependent upon testing the compound in clinical settings and obtaining FDA approval. In addition, Teva agreed to pay the Company royalties on any commercialized products developed under the agreement. This agreement terminated a prior collaborative agreement between Cephalon, Inc., a wholly-owned subsidiary of Teva, and the Company. Revenue recognized related to this agreement for the nine months ended January 31, 2016 and 2015, was $48,000 and

$574,000, respectively.

Note 7. Fair Value

The carrying value of cash and cash equivalents, accounts receivable, deposits and other receivables, accounts payable, and accrued liabilities approximate their fair value based on the liquidity or the short-term maturities of these instruments. The fair value hierarchy promulgated by GAAP consists of three levels:

Level one Quoted market prices in active markets for identical assets or liabilities;
Level two Inputs other than level one inputs that are either directly or indirectly observable; and
Level three Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

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CHAMPIONS ONCOLOGY, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Fair Value (continued)

Determining which category an asset or liability falls within the hierarchy requires significant judgment. The Company evaluates its hierarchy disclosures each quarter. The Company currently has no assets or liabilities measured at fair value on a recurring basis.

Note 8. Segment Information

The Company operates in two reportable segments, POS and TOS. The accounting policies of the Company s segments are the same as those described in Note 2 of the Company s annual financial statements for the year ended April 30, 2015, as filed on Form 10-K. The Company evaluates performance of its segments based on profit or loss from operations before stock compensation expense, depreciation and amortization, interest expense, interest income, gain on sale of assets, special charges or benefits, and income taxes (segment profit). Management uses segment profit information for internal reporting and control purposes and considers it in making decisions regarding the allocation of capital and other resources, risk assessment, and employee compensation, among other matters. The following tables summarize, for the periods indicated, operating results by reportable segment (table in thousands):

Three Months Ended January 31, 2016	Personalized Oncology Solutions (POS)	Translational Oncology Solutions (TOS)	Unallocated Corporate Overhead	Consolidated
Net revenue	$ 416	$ 2,136	$	$ 2,552
Direct cost of services	(479)	(1,624)		(2,103)
Sales and marketing costs	(183)	(569)		(752)
Other operating expenses		(950)	(553)	(1,503)
Stock-based compensation expense[1]			(567)	(567)
Segment profit (loss)	$ (246)	$ (1,007)	$ (1,120)	$ (2,373)

Three Months Ended January 31, 2015	Personalized Oncology Solutions (POS)	Translational Oncology Solutions (TOS)	Unallocated Corporate Overhead	Consolidated
Net revenue	$ 453	$ 1,376	$	$ 1,829
Direct cost of services	(672)	(1,300)		(1,972)
Sales and marketing costs	(366)	(613)		(979)
Other operating expenses		(1,028)	(612)	(1,640)

Stock-based compensation expense(1)			(657)	(657)
Segment profit (loss)	$ (585)	$ (1,565)	$ (1,269)	$ (3,419)

Nine Months Ended January 31, 2016	Personalized Oncology Solutions (POS)	Translational Oncology Solutions (TOS)	Unallocated Corporate Overhead	Consolidated
Net revenue	$ 1,387	$ 6,958	$	$ 8,345
Direct cost of services	(1,634)	(4,654)		(6,288)
Sales and marketing costs	(716)	(1,800)		(2,516)
Other operating expenses		(2,755)	(2,463)	(5,218)
Stock-based compensation expense(1)			(2,090)	(2,090)
Segment profit (loss)	$ (963)	$ (2,251)	$ (4,553)	$ (7,767)

CHAMPIONS ONCOLOGY, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Segment Information (continued)

Nine Months Ended January 31, 2015	Personalized Oncology Solutions (POS)	Translational Oncology Solutions (TOS)	Unallocated Corporate Overhead	Consolidated
Net revenue	$ 1,245	$ 4,377	$	$ 5,622
Direct cost of services	(2,171)	(3,205)		(5,376)
Sales and marketing costs	(1,243)	(1,650)		(2,893)
Other operating expenses		(3,490)	(2,413)	(5,903)
Stock-based compensation expense[1]			(2,284)	(2,284)
Segment profit (loss)	$ (2,169)	$ (3,968)	$ (4,697)	$ (10,834)

(1) Stock compensation expense is shown separately and is excluded from direct costs of services, sales and marketing costs, and other operating expenses, as it is managed on a consolidated basis and is not used by management to evaluate the performance of its segments.

All of the Company s revenue is recorded in the United States and substantially all of its long-lived assets are in the United States.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
Champions Oncology, Inc.

We have audited the accompanying consolidated balance sheet of Champions Oncology, Inc. and Subsidiaries (the Company) as of April 30, 2015, and the related consolidated statements of operations, comprehensive loss, stockholders equity, and cash flows for the year then ended. The financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Champions Oncology, Inc. and Subsidiaries as of April 30, 2015, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ EisnerAmper LLP

Iselin, New Jersey
July 29, 2015, except for Notes 1, 2, 6, 7 and 9, as to which the date is April 25, 2016.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
Champions Oncology, Inc.

We have audited the accompanying consolidated balance sheet of Champions Oncology, Inc. (the Company) as of April 30, 2014, and the related consolidated statement of operations, comprehensive loss, changes in stockholders equity, and cash flows for the year ended April 30, 2014. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Champions Oncology, Inc. at April 30, 2014, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Baltimore, Maryland
July 28, 2014, except for the first paragraph of Note 1, as to which the date is April 25, 2016.

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CHAMPIONS ONCOLOGY, INC.

CONSOLIDATED BALANCE SHEETS
AS OF APRIL 30
(Dollars in Thousands)

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents.	$9,357	$5,891
Accounts receivable, net	1,060	1,325
Prepaid expenses and other current assets	346	383
Total current assets	10,763	7,599
Restricted cash	163	165
Property and equipment, net	452	434
Goodwill	669	669
Total assets	12,047	$8,867
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$1,414	$981
Accrued liabilities	373	587
Deferred revenue	2,009	2,091
Total current liabilities	3,796	3,659
Warrant liability		2,011
Other Non-current liability	192	
Total liabilities	3,988	5,670
Stockholders equity:		
Common stock, $.001 par value; 200,000,000 and 125,000,000 shares authorized; 8,963,590 and 5,843,507 shares issued and 8,702,092 and 5,573,821 shares outstanding as of April 30, 2015 and 2014, respectively	9	6
Treasury stock, at cost, 269,686 common shares as of April 30, 2015 and 2014	(1,252)	(1,252)
Additional paid-in capital	61,322	43,323
Accumulated deficit	(52,020)	(38,880)
Total stockholders equity	8,059	3,197
Total liabilities and stockholders equity	12,047	$8,867

The accompanying notes are an integral part of these Consolidated Financial Statements.

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CHAMPIONS ONCOLOGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (Dollars in Thousands Except Per Share Amounts)

	Year Ended April 30,	
	2015	2014
Operating revenue:		
Personalized oncology solutions	$ 1,663	$ 2,264
Translational oncology solutions	7,200	9,286
Total operating revenue	8,863	11,550
Costs and operating expenses:		
Cost of personalized oncology solutions	2,733	2,731
Cost of translational oncology solutions	4,900	3,532
Research and development	4,845	2,265
Sales and marketing	4,283	3,155
General and administrative	5,340	6,127
Total costs and operating expenses	22,101	17,810
Loss from operations	(13,238)	(6,260)
Other income/(expense):		
Change in fair value of warrant liability	981	(965)
Warrant modification charge	(586)	
Other expense	(170)	(164)
Total other income/(expense)	225	(1,129)
Net loss before income tax expense	(13,013)	(7,389)
Provision for income tax	127	17
Net loss	$ (13,140)	$ (7,406)
Net loss per common share outstanding		
basic and diluted	$ (2.20)	$ (1.33)
and diluted	$ (2.20)	$ (1.33)
Weighted average common shares outstanding basic and diluted	5,985,346	5,571,993

The accompanying notes are an integral part of these Consolidated Financial Statements.

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CHAMPIONS ONCOLOGY, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Dollars in Thousands)

Net loss	$ (13,140)	$ (7,406)
Foreign currency translation adjustment		100
Comprehensive loss	$ (13,140)	$ (7,306)

The accompanying notes are an integral part of these Consolidated Financial Statements.

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CHAMPIONS ONCOLOGY, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY (Dollars in Thousands)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders Equity
	Shares	Amount	Shares	Amount				
Balance, April 30, 2013	2,970,314	$3	269,686	$(1,252)	$23,617	$(31,474)	$(100)	$(9,206)
Stock-based compensation					2,807			2,807
Exercise of options and warrants	2,813				21			21
Issuance of restricted stock	6,250							
Amendment to Redeemable Stock	2,594,444	3			16,879			16,881
Foreign currency translation adjustment							100	100
Net loss						(7,406)		(7,406)
Balance, April 30, 2014	5,573,821	$6	269,686	$(1,252)	$43,323	$(38,880)	$	$3,197
Stock-based compensation					2,948			2,948
Exercise of options and warrants	313				2			2
Conversion of convertible notes and accrued interest					2,060			2,060
Sale of common stock, net of issuance costs of $880k	2,939,254	3			11,158			11,161
Issuance of share under anti-dilution provisions	188,704				1			1
Stock Option Modification					214			214
Reclassification of warrant Liability					1,616			1,616
Net loss						(13,140)		(13,140)
	8,702,092	$9	269,686	$(1,252)	$61,322	$(52,020)	$	$8,059

Balance, April 30, 2015

The accompanying notes are an integral part of these Consolidated Financial Statements.

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CHAMPIONS ONCOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Dollars in Thousands)

	Year Ended April 30,	
	2015	2014
Operating activities:		
Net loss	$ (13,140)	$ (7,406)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation and modification expense	3,162	2,807
Net foreign currency remeasurement loss		124
Depreciation and amortization expense	214	213
Change in fair value of warrant liability	(981)	965
Modification of warrant liability	586	
Gain/loss on sales of assets	5	
Changes in operating assets and liabilities:		
Accounts receivable	265	(825)
Prepaid expenses, deposits and other	37	(68)
Restricted cash	2	27
Accounts payable	433	(223)
Accrued liabilities	(232)	(24)
Other Non-current liability	100	
Deferred revenue	(82)	977
Net cash used in operating activities	(9,630)	(3,433)
Investing activities:		
Purchase of property and equipment	(119)	(234)
Proceeds from sale of fixed assets	5	
Net cash used in investing activities	(114)	(234)
Financing activities:		
Private placement financing, net of financing costs of $880k	11,220	
Proceeds from Executive Note financing	2,000	
Capital lease payments	(12)	
Proceeds from exercise of options and warrants	2	21
Net cash provided by financing activities	13,210	21
Exchange rate effect on cash and cash equivalents		(24)
Increase (decrease) in cash and cash equivalents	3,466	(3,670)
Cash and cash equivalents, beginning of year	5,891	9,561
Cash and cash equivalents, end of year	$ 9,357	$ 5,891
Non-cash investing and financing activities:		
Purchased equipment under capital lease	124	
Conversion of executive note financing	2,000	
Reclassification of warrant liability to equity	1,616	

The accompanying notes are an integral part of these Consolidated Financial Statements.

CHAMPIONS ONCOLOGY, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (Dollars in Thousands)

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CHAMPIONS ONCOLOGY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Basis of Presentation

The share and per share information in these Consolidated Financial Statements as of and for the years ended April 30, 2015 and 2014 gives effect to a 1-for-12 reverse stock split of our outstanding shares of common stock that became effective on August 12, 2015.

Background

Champions Oncology, Inc. (the Company), is engaged in the development and sale of advanced technology solutions and products to personalize the development and use of oncology drugs. The Company s TumorGraft Technology Platform is a novel approach to personalizing cancer care based upon the implantation of human tumors in immune-deficient mice. The Company uses this technology, in conjunction with related services, to offer solutions for two consumer groups: Personalized Oncology Solutions (POS) and Translational Oncology Solutions (TOS). POS assists physicians in developing personalized treatment options for their cancer patients through tumor specific data obtained from drug panels and related personalized oncology services. The Company s TOS business offers a technology platform to pharmaceutical and biotechnology companies using proprietary TumorGraft studies, which the Company believes may be predictive of how drugs may perform in clinical settings.

The Company has three operating subsidiaries: Champions Oncology (Israel), Limited, Champions Biotechnology U.K., Limited and Champions Oncology Singapore, PTE LTD. For the years ended April 30, 2015 and 2014, there were no material revenues earned by these subsidiaries.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

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

The Company s foreign subsidiaries functional currency is the U.S. dollar. Transaction gains and losses are recognized in earnings. The Company is subject to foreign exchange rate fluctuations in connection with the Company s international operations.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less at the time of purchase, to be cash equivalents. At various times, the Company has amounts on deposit at financial institutions in excess of federally insured limits.

Fair Value

The carrying value of cash and cash equivalents, accounts receivable, prepaid expenses, deposits and other receivables, accounts payable, and accrued liabilities approximate their fair value based on the liquidity or the short-term maturities of these instruments. The fair value hierarchy promulgated by GAAP consists of three levels:

CHAMPIONS ONCOLOGY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

Level one Quoted market prices in active markets for identical assets or liabilities;
Level two Inputs other than level one inputs that are either directly or indirectly observable; and
Level three Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

Determining which category an asset or liability falls within the hierarchy requires significant judgment. The Company evaluates its hierarchy disclosures each quarter. The Company had one liability measured at fair value on a recurring basis, which relate to warrants that were issued in connection with the 2011 and 2013 private placements of the Company s securities. On March 11, 2015 the Company entered into a securities purchase agreement and amended certain agreements which eliminated the provisions within the warrant agreements requiring the liability classification of the warrant liability. Accordingly, the warrant liability was reclassified to equity at the date of such modification which is discussed more fully in Note 7. As of March 11, 2015 and April 30, 2014, these warrants had an estimated fair value of $1.6 million and $2 million, respectively, which was calculated by the Monte Carlo simulation valuation method using level three inputs. The Company has no assets that are measured at fair value on a recurring basis and there were no assets or liabilities measured at fair value on a non-recurring basis during the years ended April 30, 2015 and 2014.

The following table presents information about our warrant liability, which was our only financial instrument measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as of April 30 (dollars in thousands):

	2015	2014
Balance beginning of year	$ (2,011)	$ (1,046)
Transfers to (from) Level 3		
Change in fair value included in earnings	981	(965)
Modification Charge	(586)	
Reclassification to equity	1,616	
Balance end of year	$	$ (2,011)

Accounts Receivable

Accounts receivable represent amounts due under agreements with pharmaceutical and biotechnology companies for TOS and amounts due under agreements with patients for POS. At each reporting period, the Company evaluates open accounts receivable for collectability and records an allowance for potentially uncollectible accounts. For both April 30, 2015 and 2014, the allowance for these accounts was $2,000. Accounts receivable is also comprised of certain unbilled accounts receivable for services completed under TOS that have not been billed as of the balance sheet date. As of April 30, 2015 and 2014, the Company had unbilled receivables of $636,000 and $884,000, respectively.

Restricted Cash

As of April 30, 2015 and 2014, the Company has restricted cash of $163,000 and $165,000, respectively, which is classified as a noncurrent asset on the consolidated balance sheets. This restricted cash serves primarily as collateral for corporate credit cards to provide financial assurance that the Company will fulfill its obligations. The cash is held in custody by the issuing bank, is restricted as to withdrawal or use, and is currently invested in an interest-bearing Certificate of Deposit (CD). Though the CD matures in the second quarter of fiscal 2016, the cash will be reinvested into another CD to continue use of the corporate cards. The Company accounts for this CD as a non-current asset supporting operations of the business.

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CHAMPIONS ONCOLOGY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is recorded at cost and primarily consists of laboratory equipment, furniture and fixtures, and computer hardware and software. Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the various assets ranging from three to seven years. Property and equipment consisted of the following (in thousands):

	April 30,	
	2015	2014
Furniture and fixtures	$ 70	$ 69
Computer equipment and software	685	655
Laboratory equipment	493	296
Leasehold improvements	2	2
Total property and equipment	1,250	1,022
Less: Accumulated depreciation and amortization	(798)	(588)
Property and equipment, net	$ 452	$ 434

Depreciation and amortization expense was $214,000 and $213,000 for the years ended April 30, 2015 and 2014, respectively. Additionally, included in Laboratory equipment for FY 2015 is a capital lease asset of $124,000. Depreciation and amortization expense relating the capital lease was $12,405 for the year ended Aril 30, 2015.

Capital Lease

In November 2014, the Company entered into a lease for laboratory equipment. The lease is a capital lease that has costs of approximately $149,000 through November 2019. The current monthly capital lease payment is approximately $3,000.

The following is a schedule by years of future minimum lease payments under this capital lease together with the present value of the net minimum lease payments as of April 30, 2015:

For the Years Ended April 30,	2016	23
	2017	24
	2018	25
	2019	26
	2020	16
Total minimum lease payments		$ 114

Less: current maturity	(23)
Long-term maturity	91

The present value of minimum future obligations shown above is calculated based on interest rate of 5%. Depreciation and amortization expense was $12,405 for the year ended April 30, 2015.

Impairment of Long-Lived Assets

Impairment losses are to be recognized when the carrying amount of a long-lived asset is not recoverable or exceeds its fair value. The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that a carrying value may not be recoverable. The Company uses estimates of future cash flows over the remaining useful life of a long-lived asset or asset group to determine the recoverability of the asset. These estimates only include the net cash flows directly associated with, and that are expected to arise as a direct result of, the use and eventual disposition of the asset or asset group. The Company has not recognized any impairment losses for the Company s long-lived assets for the years ending April 30, 2015 and 2014.

CHAMPIONS ONCOLOGY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

Goodwill

Goodwill represents the excess of the cost over the fair market value of the net assets acquired including identifiable assets. Goodwill is tested annually, or more frequently if circumstances indicate potential impairment, by comparing its fair value to its carrying amount. The determination of whether or not goodwill is impaired involves significant judgment. Although the Company believes its goodwill is not impaired, changes in strategy or market conditions could significantly impact the judgments and may require future adjustments to the carrying value of goodwill. The Company uses a two-step process to test for goodwill impairment. The first step is to screen for potential impairment, while the second step measures the amount of the impairment, if any. The first step of the goodwill impairment test compares the fair value of each reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired. If the carrying value of the reporting unit s net assets, including goodwill, exceeds the fair value of the reporting unit, then the Company determines the implied fair value of goodwill. If the carrying value of goodwill exceeds its implied fair value, then an impairment of goodwill has occurred and an impairment loss would be recognized for the difference between the carrying amount and the implied fair value of goodwill as a component of operating income. The implied fair value of goodwill is calculated by subtracting the fair value of tangible and intangible assets associated with the reporting unit from the fair value of the unit. The Company tests for goodwill impairment at the operating segment level.

The Company has not recognized any impairment losses for the Company s goodwill for the years ending April 30, 2015 and 2014.

Deferred Revenue

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

Warrant Liability

Warrant liability represented the fair value of warrants issued in connection with the 2011 and 2013 private placements of the Company s common stock, which are described more fully in Note 8. These warrants were presented as liabilities based on the certain exercise price reset provisions. The liability, which was recorded at fair value on the accompanying consolidated balance sheets, was calculated by the Monte Carlo simulation valuation method. The change in fair value of these warrants were recognized as other income or expense in the consolidated statements of operations. On March 11, 2015 the Company entered into a securities purchase agreement and amended the 2011 and 2013 warrant agreements which eliminated the liability feature of these warrants. Such warrants were transferred to equity which is discussed more fully in Note 7.

Revenue Recognition

The Company derives revenue from its POS and TOS businesses. Personalized oncology solutions assist physicians by providing information to help guide the development of personalized treatment plans for their patients using our core offerings, including testing oncology drugs and drug combinations on personalized TumorGrafts, and through other products. Translational oncology solutions offer a preclinical TumorGraft platform to pharmaceutical and biotechnology companies using proprietary TumorGraft studies, which the Company believes may be predictive of how drugs may perform in clinical settings. The Company recognizes revenue when the following four basic criteria are met: (i) a contract has been entered into with its customers; (ii) delivery has occurred or services rendered to its customers; (iii) the fee is fixed and determinable as noted in the contract; and (iv) collectability is reasonably assured. The Company utilizes a proportional performance revenue recognition model for its TOS business, under which it recognizes revenue as performance occurs, based on the relative outputs of the performance that have occurred up to that point in time under the respective agreement, typically the delivery of reports to its customers documenting the results of testing protocols.

CHAMPIONS ONCOLOGY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

When a POS or TOS arrangement involves multiple elements, the items included in the arrangement (deliverables) are evaluated to determine whether they represent separate units of accounting. The Company performs this evaluation at the inception of an arrangement and as each item in the arrangement is delivered. Generally, the Company accounts for a deliverable (or a group of deliverables) separately if: (i) the delivered item(s) has standalone value to the customer, and (ii) if the Company has given the customer a general right of return relative to the delivered item(s) and the delivery or performance of the undelivered item(s) or service(s) is probable and substantially in the Company s control. All revenue from contracts determined not to have separate units of accounting is recognized based on consideration of the most substantive delivery factor of all the elements in the contract or if there is no predominant deliverable upon delivery of the final element of the arrangement.

During the third quarter of fiscal year 2014 we entered into a contract that may require the replacement of licensed tumors in the event that certain contractual terms have not been satisfied. Due to such requirements we have estimated an amount of licensed tumors that may need to be replaced, and we have deferred this revenue until all provisions of the agreement have been met. There was $258,000 of deferred revenue as of April 30, 2015 relating to our estimate of replacement of licensed tumors.

Cost of Personalized Oncology Solutions

Cost of POS consists of costs related to POS revenue earned from implantations, drug panels, tumor boards, and gene sequencing services, as well as indirect internal costs, such as salaries for personnel directly engaged in these products. Direct costs associated with implantation revenues are primarily related to mice purchases and maintenance and shipping of tumor tissue. Direct drug panel costs are primarily incurred from mice purchases and maintenance and drug purchases. Direct tumor board costs are primarily related to physicians honorariums and any tumor board participation costs such as travel, lodging and meals. Direct gene sequencing costs are primarily related to costs billed from the gene sequencing service provider. All costs are expensed as incurred.

Cost of Translational Oncology Solutions

Cost of TOS consists of costs related to TOS revenue. Direct costs include mice purchases and maintenance costs for studies completed internally and charges from CROs for studies handled externally. Indirect costs include salaries for personnel directly engaged in providing TOS products. All costs of performing studies in-house are expensed as incurred. All costs of performing studies from external sources, if any, are expensed when received.

Research and Development

Research and development costs represent both costs incurred internally for research and development activities,

including personnel costs and mice purchases and maintenance, as well as costs incurred externally to facilitate research activities, such as tumor tissue procurement and characterization expenses. All research and development costs are expensed as incurred.

Sales and Marketing

Selling and marketing expenses represent costs incurred to promote the Company s products offered, including salaries, benefits and related costs of our sales and marketing personnel, and represent costs of advertising and other selling and marketing expenses. All sales and marketing costs, including advertising costs, are expensed as incurred.

Basic and Dilutive Loss Per Common Share

Basic net loss per share is computed by dividing the net loss for the period by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing the net loss for the period by the weighted-average number of shares of common stock plus dilutive

CHAMPIONS ONCOLOGY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

potential common stock considered outstanding during the period. Such dilutive shares consist of incremental shares that would be issued upon exercise of the Company s derivative warrants, which were reclassified to equity as discussed in note 7.

	Year Ended April 30,	
	2015	2014
Basic loss per share computation		
Net loss attributable to common stockholders	$(13,139,820)	$(7,406,367)
Weighted Average common shares basic	5,985,346	5,571,993
Basic net loss per share	$(2.20)	$(1.33)
Diluted loss per share computation		
Net loss attributable to common stockholders	$(13,139,820)	$(7,406,367)
Less: Gain on derivative warrant liability	980,519	
Loss available to common stockholders	$(14,120,339)	$(7,406,367)
Weighted Average common shares	5,985,346	5,571,993
Incremental shares from assumed exercise of warrants and stock options	439,065	
Adjusted weighted average share diluted	6,424,410	5,571,993
Diluted net loss per share	$(2.20)	$(1.33)

The following table reflects the total potential share-based instruments outstanding at April 30, 2015 and 2014 that could have an effect on the future computation of dilution per common share:

	Year Ended April 30,	
	2015	2014
Stock options	2,004,002	1,945,920
Warrants	2,109,840	273,056
Total common stock equivalents	4,113,842	2,218,975

Share-Based Payments

The Company typically recognizes expense for share-based payments based on the fair value of awards on the date of grant. The Company uses the Black-Scholes option pricing model to estimate fair value. The Black-Scholes option valuation model was developed for use in estimating the fair value of short-traded options that have no vesting restrictions and are fully transferable. The option pricing model requires the Company to estimate certain key assumptions such as expected life, volatility, risk free interest rates and dividend yield to determine the fair value of share-based awards. These assumptions are based on historical information and management judgment. The risk-free interest rate used is based on the United States treasury security rate with a term consistent with the expected term of

the award at the time of the grant. Since the Company has limited option exercise history, it has generally elected to estimate the expected life of an award based upon the Securities and Exchange Commission-approved simplified method noted under the provisions of Staff Accounting Bulletin No. 107 with the continued use of this method extended under the provisions of Staff Accounting Bulletin No. 110. During fiscal 2013, the Company changed its method used to calculate expected volatility from an index, which was based on the Company s historic volatility and certain comparable guideline companies, to the use of only the Company s historic volatility which had an immaterial effect on the financial statements. The Company does not anticipate paying a dividend, and therefore, no expected dividend yield was used.

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CHAMPIONS ONCOLOGY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

The Company expenses share-based payments over the period that the awards are expected to vest, net of estimated forfeitures. If actual forfeitures differ from management s estimates, compensation expense is adjusted. The Company expenses modification charges in the period of modification and, if required, over the remaining period the awards are expected to vest. The Company will report cash flows resulting from tax deductions in excess of the compensation cost recognized from those options (excess tax benefits) as financing cash flows, if they should arise.

Income Taxes

Deferred income taxes have been provided to show the effect of temporary differences between the recognition of expenses for financial and income tax reporting purposes and between the tax basis of assets and liabilities, and their reported amounts in the consolidated financial statements. In assessing the realizability of deferred tax assets, the Company assesses the likelihood that deferred tax assets will be recovered through tax planning strategies or from future taxable income, and to the extent that recovery is not likely or there is insufficient operating history, a valuation allowance is established. The Company adjusts the valuation allowance in the period management determines it is more likely than not that net deferred tax assets will or will not be realized. Changes in valuation allowances from period to period are included in the tax provision in the period of change. As of April 30, 2015 and 2014, the Company provided a valuation allowance for all net deferred tax assets, as recovery is not more likely than not based on an insufficient history of earnings.

Tax positions are positions taken in a previously filed tax return or positions expected to be taken in a future tax return that are reflected in measuring current or deferred income tax assets and liabilities reported in the consolidated financial statements. Tax positions include, but are not limited to, the following:

An allocation or shift of income between taxing jurisdictions;
The characterization of income or a decision to exclude reportable taxable income in a tax return; or
A decision to classify a transaction, entity or other position in a tax return as tax exempt.
The Company reflects tax benefits only if it is more likely than not that we will be able to sustain the tax position, based on its technical merits. If a tax benefit meets this criterion, it is measured and recognized based on the largest amount of benefit that is cumulatively greater than 50% likely to be realized. The Company has $100,000 of unrecognized tax benefits as of April 30, 2015 and none as of April 30, 2014.

The Company s practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties on the Company s balance sheets at April 30, 2015 and 2014, and has not recognized interest and/or penalties in the statement of operations for either period. We do not anticipate any significant unrecognized tax benefits will be recorded during the next 12 months.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which will replace most existing revenue recognition guidance in U.S. Generally Accepted Accounting Principles and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. The core principle of ASU 2014-09 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. ASU 2014-09 also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU 2014-09 allows for both retrospective and prospective methods of adoption and is effective for periods beginning after December 15, 2016. The Company is currently evaluating the impact that the adoption of ASU 2014-09 will have on our financial statements. On July 9, the FASB decided to delay the effective date of the new revenue standard by one year.

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CHAMPIONS ONCOLOGY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

In June 2014, FASB has issued Accounting Standards Update (ASU) No. 2014-12, *Compensation Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period* . This ASU requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. This update further clarifies that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered.. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company s condensed consolidated balance sheets and results of operations.

In August 2014, FASB issued Accounting Standards Update (ASU) 2014-15, *Presentation of Financial Statements Going Concern: Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern* . This ASU requires management to evaluate, in connection with preparing financial statements for each annual and interim reporting period, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about an entity s ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable) and provide related disclosures. ASU 2014-15 is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2014-15 on its financial statements.

Note 3. Teva Agreement

On July 30, 2013, the Company entered into an agreement with Teva Pharmaceutical Industries Ltd., pursuant to which the Company agreed to conduct TumorGraft studies on multiple proprietary chemical compounds provided by Teva to determine the activity or response of these compounds in potential clinical indications. Under the agreement, Teva agreed to pay an upfront payment and, under certain conditions, pay the Company various amounts upon achieving certain milestones, based on the performance of the compounds in preclinical testing and dependent upon testing the compound in clinical settings and obtaining FDA approval. In addition, Teva agreed to pay the Company royalties on any commercialized products developed under the agreement. This agreement terminated a prior collaborative agreement between Cephalon, Inc. a wholly-owned subsidiary of Teva, and the Company. For the years ended April 30, 2015 and 2014, revenue of $724,000 and $194,000, respectively, were recognized relating to this agreement.

Note 4. Significant Customers

For the year ended April 30, 2015, three of our customers accounted for more than 10.0% of our total revenue in the amount of $0.9 million, $0.9 million and $0.8 million. The revenue from these customers is captured in the TOS revenue line item within the income statement.

For the year ended April 30, 2014, three of our customers accounted for more than 10.0% of our total revenue in the amount of $1.6 million, $1.5 million and $1.5 million. The revenue from these customers was captured in the TOS revenue line item within the income statement.

For the year ended April 30, 2015, two of our customers accounted for more than 10.0% of our total accounts receivable balance in the amount of $153,446 and $119,540, or 14.5% and 11.3%, respectively.

For the year ended April 30, 2014, two of our customers accounted for more than 10.0% of our total accounts receivable balance in the amount of $398,053 and $171,962, or 30.4% and 13.2%, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Commitments and Contingencies

Operating Leases

As of April 30, 2015, we lease the following facilities under non-cancelable operating lease agreements:

One University Plaza, Suite 307, Hackensack, New Jersey 07601, which, since November 2011, serves as the Company s corporate headquarters. The lease expires in November 2016. The Company recognized $85,000 and $75,000 of rental costs relative to this lease for fiscal 2015 and 2014, respectively.
855 North Wolfe Street, Suite 619, Baltimore, Maryland 21205, which consists of laboratories and office space where the Company conducts operations related to its primary service offerings. This lease expires in June 2016. The Company recognized $86,000 and $85,000 of rental costs relative to this lease for fiscal 2015 and 2014, respectively.
17 Hatidhar Street, Ra anana, Israel, which serves as office headquarters for Champions Oncology, Israel. The Company recognized nil and $6,000 of rental costs relative to this lease for fiscal 2015 and 2014, respectively. Following the expiration of this lease, the Company utilizes office space on a limited basis from one of its stockholders. The fair value of rental costs associated with the new office space is immaterial.
57 Mohamed Sultan Road, Singapore, which serves as office headquarters for Champions Oncology, Singapore. The lease expired in January 2015. The Company has not renewed this lease. The Company recognized $4,000 and $5,000 of rental costs relative to this lease for fiscal 2015 and 2014, respectively.
450 East 29th Street, New York, New York, 10016, which is a laboratory at which we implant tumors. This lease expires in September 2015 and can be renewed by the Company for subsequent one year terms. The Company recognized $47,000 and $4,000 of rental costs relative to this lease for fiscal 2015 and 2014, respectively.

Future minimum lease payments due each fiscal year are as follows (in thousands):

2017	$ 192,013
2018	64,149
2019	
Total	$ 256,162

Legal Matters

The Company is not currently party to any legal matters to its knowledge. The Company is not aware of any other matters that would have a material impact on the Company s financial position or results of operations.

Registration Payment Arrangements

The Company has entered into an Amended and Restated Registration Rights Agreement in connection with the March 2015 Private Placement and is discussed more fully in Note 7 below. This Amended and Restated Registration Rights Agreement contains provisions that may call for the Company to pay penalties in certain circumstances. This registration payment arrangement primarily relates to the Company s ability to file a registration statement within a

particular time period, have a registration statement declared effective within a particular time period and to maintain the effectiveness of the registration statement for a particular time period. The Company does not believe it is probable that penalty payments will be made for the Amended and Restated Registration Rights Agreement discussed in Note 7 and, accordingly, has not accrued for such potential penalties as of April 30, 2015 and 2014.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Share-Based Payments

Stock-based compensation in the amount of $3.2 million and $2.8 million was recognized for years ended April 30, 2015 and 2014, respectively. Included in 2015 stock-based compensation expense under general and administrative line item is the option modification charge of $213,952. Stock-based compensation costs were recorded as follows (in thousands):

	Year Ended April 30,	
	2015	2014
General and administrative	$ 2,204	$ 2,298
Sales and marketing	561	352
Research and development	352	36
TOS cost of sales	23	56
POS cost of sales	22	65
Total stock-based compensation expense	$ 3,162	$ 2,807

2010 Equity Incentive Plan

On February 18, 2011, shareholders owning a majority of the issued and outstanding shares of the Company executed a written consent approving the 2010 Equity Incentive Plan (2010 Equity Plan). The purpose of the 2010 Equity Plan is to grant (i) Non-statutory Stock Options; (ii) Restricted Stock Awards; and (iii) Stock Appreciation Rights (collectively, stock-based compensation) to its employees, directors and non-employees. Total stock awards under the 2010 Equity Plan shall not exceed 30,000,000 shares of common stock. Options and Stock Appreciation Rights expire no later than ten years from the date of grant and the awards vest as determined by the Board of Directors. Options and Stock Appreciation Rights have a strike price not less than 100% of the fair market value of the common stock subject to the option or right at the date of grant.

2008 Equity Incentive Plan

The Company has previously granted (i) Non-statutory Stock Options; (ii) Restricted Stock Awards; and (iii) Stock Appreciation Rights (collectively, stock-based compensation) to its employees, directors and non-employees under a 2008 Equity Incentive Plan (the 2008 Equity Plan). Such awards may be granted by the Company s Board of Directors. Options granted under the 2008 Equity Plan expire no later than ten years from the date of grant and the awards vest as determined by the Board of Directors.

For share-based payments to non-employee consultants under both the 2010 and 2008 Equity Incentive Plan, the fair value of the share-based consideration issued is used to measure the transaction, as management believes this to be a more reliable measure of fair value than the services received. The fair value of the award is expensed over the period service is provided to the Company; however, it is ultimately measured at the price of the Company s common stock or the fair value of stock options using the Black-Scholes valuation model on the date that the commitment for

performance by the non-employee consultant has been reached or performance is complete, which is generally the vesting date of the award.

Director Compensation Plan

On December 12, 2013, the Compensation Committee of the Board of Directors of the Company adopted changes to the Director Compensation Plan of 2010 (the Director Plan) effective commencing December 1, 2013. Under the Director Plan, independent directors of the Company are entitled to an annual award of a five-year option to purchase 8,333 shares of the Company s common stock, and the Chairman of the Board of the Company is entitled to an annual award of a five year option to purchase 16,667 shares of the Company s common stock. Independent directors who serve as chairperson of a committee will also receive an annual grant of a five-year option to purchase 1,667 shares of the Company s unregistered common stock. All options issued under the Director Plan vest quarterly at a rate of 25%. Option grants will typically be issued after the annual shareholder meeting which will generally be held in October of each year. New directors will receive a

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Share-Based Payments (continued)

grant upon joining the Board equal to the pro-rata annual grant for the remainder of the year. Options issued under the Director Plan are issued pursuant to the 2010 Equity Plan.

Stock Option Grants

Black-Scholes assumptions used to calculate the fair value of options granted during the years ended April 30, 2015 and 2014 were as follows:

	Year Ended April 30,			
	2015		2014	
Expected term in years	2.5	6.0	3.0	6.0
Risk-free interest rates	0.8%	1.9%	0.7%	2.4%
Volatility	86%	102%	84%	102%
Dividend yield	0%		0%	

The weighted average fair value of stock options granted during the years ending April 30, 2015 and 2014, was $7.32 and $11.52, respectively. The Company s stock options activity and related information as of and for the years ended April 30, 2015 and 2014 is as follows (dollars in thousands):

	Non-Employees	Directors and Employees	Total	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, May 1, 2014	63,750	1,882,170	1,945,920	$ 12.12	7.5	$985,000
Granted	6,667	1,756,714	1,763,380	7.92		
Exercised		(313)	(313)	5.88		
Canceled		(1,656,073)	(1,656,073)	12.48		
Forfeited		(12,604)	(12,604)	11.52		
Expired	(12,500)	(23,809)	(36,309)	11.88		
Outstanding, April 30, 2015	57,917	1,946,085	2,004,002	5.74	6.7	$4,166,000
Vested and expected to vest as of April 30, 2015	57,917	1,946,085	2,004,002		6.7	$4,166,000
Vested as of April 30, 2015	40,625	1,385,298	1,425,923	5.88	5.9	$2,879,000

	Non-Employees	Directors and Employees	Total	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, May 1, 2013	63,750	1,093,767	1,157,517	$ 10.20	7.0	$ 89,000
Granted		816,111	816,111	14.76		
Exercised		(2,813)	(2,813)	7.56		
Canceled						
Forfeited		(6,042)	(6,042)	9.84		
Expired		(18,854)	(18,854)	8.76		
Outstanding, April 30, 2014	63,750	1,882,170	1,945,920	12.12	7.5	$ 985,000
Vested and expected to vest as of April 30, 2014	63,750	1,882,170	1,945,920		7.5	$ 985,000
Vested as of April 30, 2014	43,524	1,086,857	1,130,381	10.20	6.1	$ 927,000

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Share-Based Payments (continued)

Included in the balances outstanding in the table above are 224,663 options (which vest based on service criteria) granted to the Company s Chief Executive Officer and its President as of November 5, 2013 as part of their new employment agreements. In addition to the above, there are 224,663 additional options granted to the Company s Chief Executive Officer and President which vest based on both service and performance criteria. The service-based conditions of these options provide for vesting to occur monthly over a period of three years. The service-based options, like all of the Company s service-based options, are expensed on a straight-line basis. Since the straight-line method is not available for performance or market-based share-based payments, the 224,663 performance-based options will be expensed on an accelerated basis once the Company determines it is probable that the performance-based conditions will be met.

On March 16, 2015, the Company and certain members of its senior management team agreed to exchange existing options to purchase shares of the Company s common stock with new options. The new options have a lower exercise price for fewer shares and have the same vesting schedules and the same termination expiration dates as the existing options. The Company used the Black Scholes valuation method to determine if the modification created additional stock option expense. Due to the modification the Company had an additional stock option modification expense for the current period of $213,951 and future additional stock option modification expense of $386,578. All additional expense will be recorded as stock option expense. The members of the senior management team whose options were exchanged include Joel Ackerman, the Company s Chief Executive Officer and a member of its Board of Directors, Ronnie Morris, the Company s President and a member of its Board of Directors, James McGorry, the Company s Executive Vice President and General Manager, Translational Oncology Solutions and David Miller, the Company s Vice President, Finance. As a result of the option exchange, an aggregate of 1,656,073 existing options with exercise prices ranging from $5.64 to $15.96 per share were exchanged for an aggregate of 1,468,161 new options with exercise prices of $4.92 per share.

Also on March 16, 2015, the Company and each of Mr. Ackerman and Dr. Morris agreed to amend their employment agreements with the Company. Their current employment agreements provide that, for the year from November 1, 2014 to October 31, 2015, Mr. Ackerman and Dr. Morris s salaries would be paid half in cash and half in options to purchase shares of common stock. To conserve the Company s cash, Mr. Ackerman and Dr. Morris have agreed to accept all of their compensation in options, and none of it in cash for such year. Mr. Ackerman received 96,283 options and Dr. Morris received 90,358 options. These options were granted on March 16, 2015 and vest over a one year period starting from November 1, 2014 which is concurrent with their employment contract.

Restricted Stock Grants

The total fair value of shares vested during the years ended April 30, 2015 and 2014 was nil and $15,000, respectively. As of April 30, 2015, there was no unrecognized stock compensation expense related to nonvested restricted stock awards.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Share-Based Payments (continued)

Stock Purchase Warrants

As of April 30, 2015, the Company had warrants outstanding for the purchase of 2,109,840 shares of its common stock, all of which were exercisable. Of these warrants, 1,849,285 were issued in connection with the March 2015 Private Placement as further discussed in Note 7. Activity related to these warrants, which expire at various dates through January 2019, is summarized as follows (dollars in thousands):

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, May 1, 2014	273,056	$ 7.32	2.9	$ 984,333
Granted	1,849,285	5.64	4.9	3,108,271
Exercised				
Forfeited				
Expired	(12,500)			
Outstanding, April 30, 2015	2,109,840	$ 5.82	4.6	$ 3,247,604

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, May 1, 2013	273,056	$ 7.32	3.9	$
Granted				
Exercised				
Forfeited				
Expired				
Outstanding, April 30, 2014	273,056	$ 7.32	2.9	$ 984,333

Note 7. Common Stock and Stock Purchase Warrants

On January 28, 2013, the Company entered into a Securities Purchase Agreement with several accredited investors for the sale of an aggregate 1,550,000 shares of the Company s Common Stock at a purchase price of $6.00 per share, for aggregate proceeds of $9.3 million (net proceeds of $9.1 million due to issuance costs), $0.5 million of which was sold to officers and directors of the Company. This private placement transaction closed on January 28, 2013 (the

January 2013 Private Placement). As part of this transaction, the Company also issued warrants to purchase an aggregate 155,000 shares of Common Stock at an exercise price of $7.92 per share. These warrants expire five years after the closing date. The Company also entered into an Amended and Restated Registration Rights Agreement on January 28, 2013 that provided certain registration rights with respect to the shares of Common Stock issued and the shares of Common Stock issuable upon exercise of the warrants. Furthermore, certain investors will have the right to require the Company to redeem the purchased common shares held by all of the investors (the January 2013 Private Placement Put Option) for cash of $6.00 per share upon a change of control or sale or exclusive license of substantially all of the Company s assets. The January 2013 Private Placement Put Option will terminate upon the achievement of certain financial milestones by the Company, the sale of 25% of the common shares purchased by an investor, with respect only to the shares owned by such investor, or in certain other circumstances as outlined in the Securities Purchase Agreement for the January 2013 Private Placement. The January 2013 Private Placement investors also have certain participation rights with respect to future financings of the Company. The terms of

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CHAMPIONS ONCOLOGY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Common Stock and Stock Purchase Warrants (continued)

the January 2013 Private Placement resulted in the issuance of an additional 88,722 common shares to the investors of the April 2011 Private Placement under the anti-dilution protections granted such investors, which are discussed below.

On March 24, 2011, the Company entered into a Securities Purchase Agreement with several accredited investors for the sale of an aggregate 1,044,444 shares of the Company s Common Stock at a purchase price of $9.00 per share, for aggregate proceeds of $9.4 million, $0.5 million of which was sold to officers and directors of the Company. This private placement transaction closed April 4, 2011 (the April 2011 Private Placement). As part of this transaction, the Company also issued warrants to purchase an aggregate 105,556 shares of Common Stock at an exercise price of $10.80 per share. These warrants expire five years after the closing date. The Securities Purchase Agreement governing the April 2011 Private Placement contains certain anti-dilution protections for the investors. The Amended and Restated Registration Rights Agreement referenced above provides certain registration rights with respect to the shares of Common Stock issued and the shares of Common Stock issuable upon exercise of the warrants. Furthermore, certain investors have the right to require the Company to redeem the purchased common shares held by all of the investors (the April 2011 Private Placement Put Option) for cash for $9.00 per share upon a change of control or sale or exclusive license of substantially all of the Company s assets. The April 2011 Private Placement Put Option will terminate upon the achievement of certain financial milestones by the Company, the sale of 25% of the common shares purchased by an investor, with respect only to the shares owned by such investor, or in certain other circumstances as outlined in the Securities Purchase Agreement for the April 2011 Private Placement.

Due to the April 2011 Private Placement Put Option and the January 2013 Private Placement Put Option described above, the Company has accounted for the Common Stock for the April 2011 Private Placement and January 2013 Private Placement as temporary equity, which is reflected under the caption redeemable common stock on the accompanying consolidated balance sheets for 2013. The total amount allocated to the redeemable common stock was $8.8 million for the January 2013 Private Placement and $8.2 million for the April 2011 Private Placement. For the January 2013 Private Placement, this allocation is equal to the total proceeds of $9.3 million less the amount allocated to the warrants of $0.4 million and is also net of the direct and incremental costs associated with the January 2013 Private Placement of $0.2 million. For the April 2011 Private Placement, this allocation is equal to the total proceeds of $9.4 million, less the amount allocated to the warrants of $0.9 million and is also net of direct and incremental costs associated with the April 2011 Private Placement of $0.3 million.

On January 29, 2014, the Company executed amendments to existing securities purchase agreements entered into during 2011 and 2013 (collectively the 2011 Securities Purchase Agreement and the 2013 Securities Purchase Agreement) with certain of the parties thereto, in each case revising the definition of Change of Control as it appears on the Securities Purchase Agreements, to eliminate rights to redeem shares of common stock purchased under these arrangements. Such common stock which was classified in the mezzanine section as redeemable common stock as a result of these provisions was re-classified as equity.

On January 29, 2014, the Company also entered into an agreement with Joel Ackerman, its Chief Executive Officer and a Director, and Ronnie Morris, its President and a Director, both of whom bought securities from the Company pursuant to the Securities Purchase Agreements, that, if the Company s Board of Directors votes on a transaction, event or approval that would constitute a Put Option Trigger Event (as defined in each of the Securities Purchase Agreements), each of Ackerman and Morris shall either (a) recuse themselves from voting as a member of the Board of Directors on such transaction, event or approval or (b) be entitled to vote but forego exercising or receiving the benefit of their Put Right (as defined in each of the Securities Purchase Agreements).

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Note 7. Common Stock and Stock Purchase Warrants (continued)

Prior to the January 29, 2014 amendments the Put Option Trigger Event (as defined in each of the Securities Purchase Agreements) was outside of the Company s control. Subsequent to the January 29, 2014 amendments the Put Option Trigger Event is within the Company s control. This change resulted in the common stock related to the April 2011 Private Placement and the 2013 Private Placement to be reclassified from outside of permanent equity (reflected under the caption redeemable common stock) to inside permanent equity (reflected in the captions common stock and additional paid-in capital) for 2014.

The warrants issued in connection with both the April 2011 Private Placement and January 2013 Private Placement contained certain exercise price reset provisions. Under these provisions, the exercise price of the warrants may be adjusted downward should the Company have future sales of its Common Stock for no consideration or for a consideration per share less than the Per Share Price (as such term is defined in the April 2011 Private Placement and January 2013 Private Placement). These exercise price reset provisions resulted in a downward adjustment to the exercise price of the warrants issued in the April 2011 Private Placement from $10.80 to $6.00 in January 2013 as part of the 2013 Private Placement.

On December 1, 2014, the Company entered into note purchase agreements with and issued convertible promissory notes in the principal amount of $1 million each to Joel Ackerman, the Company s Chief Executive Officer, and Dr. Ronnie Morris, the Company s President, to finance the operations of the Company. The transaction was approved by the Company s audit committee.

The notes bore interest at 12% per annum and had an initial term of 90 days. The notes, including any accrued but unpaid interest, were convertible at the option of each noteholder: (a) upon the closing of any equity financing that occurred during the term of the notes, into the securities offered in the financing to other investors at a 5% discount to the price per share paid by other investors in the financing; and (b) upon the maturity date of the notes, into the Company s common stock at the volume weighted average closing price of the common stock for the five trading days prior to such conversion.

On February 28, 2015, the Company entered into amendments to the convertible promissory notes issued on December 1, 2014. The amendments extended the maturity dates of the convertible promissory notes to April 1, 2015. The amendments were approved by the Company s audit committee.

On March 11, 2015, the convertible promissory notes and accrued interest of $60,000 were converted into equity at a 5% discount as part of the 2015 Securities Purchase Agreement. The 5% discount was contingent up until the closing of the 2015 Securities Purchase Agreement at which time the 5% discount was converted to an amount of $100,000 and classified into equity along with the $60,000 accrued interest noted above.

On March 11, 2015, the Company entered into a Securities Purchase Agreement (the 2015 Securities Purchase Agreement) with Battery Ventures IX, L.P. and Battery Investment Partners IX, LLC (collectively, Battery), New Enterprise Associates 14, Limited Partnership (NEA), Joel Ackerman, Chief Executive Officer and a director of the Company (Ackerman), Dr. Ronnie Morris, President and a director of the Company (Morris), Daniel Mendelson, a director of the Company (Mendelson) and certain other investors (collectively with Battery, NEA, Ackerman, Morris and Mendelson, the Investors), for the sale to the Investors of units, each unit consisting of one share of the Company s Common Stock, par value $0.001 per share (the Common Stock) and a warrant to buy 0.55 shares of Common Stock at $5.76 per share (the Warrants), at a purchase price of $4.80 per unit, for an aggregate of $14,000,000. The Warrants expire five years after the closing date. Ackerman and Morris converted convertible promissory notes dated December 1, 2014 in the principal amounts of $1 million each, plus accrued interest, into the units at a 5% discount, pursuant to the terms of the convertible promissory notes.

The Company has accounted for the Common Stock for the March 2015 Private Placement as equity on the accompanying consolidated balance sheets for 2015. The amount allocated to common stock was $8.0 million. This allocation is equal to the total proceeds of $14 million less the amount allocated to warrants

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Common Stock and Stock Purchase Warrants (continued)

of $5.1 million and is also net of the direct and incremental costs associated with the 2015 Private Placement of $0.88 million. The Black Scholes pricing model was used to calculate the value of warrants relating to the 2015 Securities Purchase Agreement.

The Investors have the right to require the Company to repurchase the purchased shares (the Put Option) for cash for $4.80 per share upon a change of control or sale or exclusive license of substantially all of the Company s assets only if approved by the Company s board of directors. The Put Option will terminate upon the achievement of certain financial and other milestones.

The Investors have certain participation rights with respect to future financings of the Company. The Company covenanted to register the resale of the shares of Common Stock to be issued to the Investors and the shares of Common Stock issuable upon exercise of the Warrants pursuant to a 2015 Amended and Restated Registration Rights Agreement, to pay certain liquidated damages if the Company fails to file such registration statement by a certain deadline, and to have it declared effective by a certain deadline or keep it effective for a certain period of time. The Company has not accrued any liquidated damages associated with the Amended and Restated Registration Right Agreement as the Company has filed the required registration statement and anticipates continued compliance with the agreement.

The issuance of the shares of Common Stock resulted in the Company issuing an additional 188,704 shares of Common Stock to investors who purchased shares of Common Stock pursuant to a Securities Purchase Agreement dated as of March 24, 2011 (the 2011 Securities Purchase Agreement) due to contractual antidilution provisions in that 2011 Securities Purchase Agreement. The Company also amended and restated the 2011 Securities Purchase Agreement to eliminate these antidilution provisions going forward, and conform aspects of the put option in that 2011 Securities Purchase Agreement to terms of the Put Option in the 2015 Securities Purchase Agreement. The Company also issued an additional 131,945 warrants to its investors under the antidilution provision of 2011 Warrant Agreements under the Securities Purchase Agreement. Concurrently its investors agreed on certain amendments of the warrants to eliminate the antidilution rights for future transactions, by extending the term of the warrants by one year, and adjusting the exercise price to $4.80 as an incentive to remove the antidulution rights. This resulted in a modification charge of $413,521.

The Company and its investors have amended and restated its Securities Purchase Agreement dated January 28, 2013 (the 2013 Securities Purchase Agreement) to conform aspects of the put option in that 2013 Securities Purchase Agreement to the Put Option in the 2015 Securities Purchase Agreement. The Company issued an additional 100,750 warrants to investors under the antidilution provision of 2013 Warrant Agreements under the Securities Purchase Agreement. Concurrently its investors agree on certain amendments of these warrants to eliminate the antidilution rights for future transactions, by extending the term of the warrant by one year and adjusting the exercise price to $4.80 as an incentive to remove the antidilution rights. This resulted in a modification charge of $172,344.

On April 24, 2015, the Company filed an amendment to its Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, which increased the total number of shares of common stock the Company is authorized to issue to 200,000,000 from 125,000,000.

The Company had accounted for the warrants issued in connection with the April 2011 Private Placement and January 2013 Private Placement as a liability based on the exercise price reset provisions described above. This liability, which was recorded at fair value on the accompanying consolidated balance sheets, totaled $1.6 million at the time of the close of the March 2015 Private Placement Agreement. Due to the amendments noted above, the liability has been reclassified to equity as shown in note 1 above. As of April 30, 2015 and 2014, the fair value of these warrants was nil and $2.01 million, respectively. The change in fair value of these warrants prior to the amendments noted above was recognized as other income (expense) on the

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Note 7. Common Stock and Stock Purchase Warrants (continued)

Company s consolidated statements of operations. The fair value of these warrants was calculated by the Monte Carlo simulation valuation method. Assumptions used to calculate the fair value of these warrants were as follows:

	Year Ended April 30,	
	2015	2014
Expected term in years	1.1 4.9	1.9 3.7
Risk-free interest rates	0.5% 1.76%	0.4% 1.17%
Volatility	73% 107%	95% 113%
Dividend yield	0%	0%

The Company estimated the volatility based upon the applicable look-back periods or historical volatility observed for the Company. For the Risk-free rate the Company used the yield on a T-bill with maturity closest to the expected time to the warrant expiration.

In addition to the assumptions above, the Company also took into consideration the probability of the Company s participation in another round of financing, the type of such financing and the range of the stock price for the financing at that time.

Note 8. Provision for Income Taxes

The components of the provision (benefit) for income taxes are as follows (in thousands):

	Year Ended April 30, 2015			
	Federal	State	Foreign	Total
Current	$	$ 3	$ 124	$ 127
Deferred	(25,948)	(1,771)	8	(27,711)
Change in valuation allowance	25,948	1,771	(8)	27,711
Total	$	$ 3	$ 124	$ 127

	Year Ended April 30, 2014			
	Federal	State	Foreign	Total
Current	$	$ 5	$ 12	$ 17
Deferred	(2,015)	(148)		(2,163)
Change in valuation allowance	2,015	148		2,163
Total	$	$ 5	$ 12	$ 17

A reconciliation between the Company s effective tax rate and the United States statutory tax rate for the years ended April 30, 2015 and 2014 is as follows:

	Year Ended April 30,	
	2015	2014
Federal income tax at statutory rate	34.0 %	34.0 %
State income tax, net of federal benefit	2.6	2.1
Permanent differences	0.9	(5.6)
Increase in uncertain tax position	(0.8)	
Other	(6.9)	(2.1)
Change in valuation allowance	(30.8)	(27.2)
Changes in tax rates		(1.4)
Income tax expense	(1.1)%	(0.2)%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Provision for Income Taxes (continued)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company s deferred tax assets and liabilities as of April 30, 2015 and 2014 consist of the following (in thousands):

	As of April 30,	
	2015	2014
Accrued liabilities	$ 21	$ 38
Depreciation and amortization		9
State taxes	1	1
Stock-based compensation expense	4,803	4,511
Capitalized research and development costs	433	556
Foreign net operating loss carry-forward	235	244
Net operating loss carry-forward	9,719	5,608
Total deferred tax assets	15,212	10,968
Less: Valuation allowance	(15,212)	(10,968)
Net deferred tax asset	$	$

Management has evaluated the available evidence about future tax planning strategies, taxable income and other possible sources of realization of deferred tax assets and has established a full valuation allowance against its net deferred tax assets as of April, 30, 2015 and 2014. For the years ended April 30, 2015 and 2014, the Company recorded a valuation allowance of $14.9 million and $11.0 million, respectively.

As of April 30, 2015 and 2014, the Company s estimated U.S. net operating loss carry-forwards were approximately $26 million and $15 million, respectively, which will begin expiring in 2022 for federal and 2017 for state purposes. As of April 30, 2015 and 2014, the Company s foreign net operating loss carry-forward was approximately $1million for both periods, respectively, which have an unlimited carryforward period. A valuation allowance has been recorded against all of these losses due to continued overall losses.

The Company may be subject to the net operating loss provisions of Section 382 of the Internal Revenue Code. Due to the company s funding transaction, the company may have triggered a net operating loss limitation under Internal Revenue Code §382. The company has not calculated if an ownership change has occurred. The effect of an ownership change would be the imposition of an annual limitation on the use of NOL carryforwards attributable to periods before the change. The amount of the annual limitation depends upon the value of the Company immediately before the change, changes to the Company s capital during a specified period, and the federal published interest rate.

The Company has made no provision for U.S. taxes on the cumulative earnings of foreign subsidiaries as those earnings are intended to be reinvested for an indefinite period of time. Upon distribution of these earnings in the form of dividends or otherwise, the Company may be subject to U.S. income taxes and foreign withholding taxes. It is not practical, however, to estimate the amount of taxes that may be payable on the eventual repatriation of these earnings.

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Note 8. Provision for Income Taxes (continued)

The Company files income tax returns in various jurisdictions with varying statues of limitations. As of April 30, 2015, the earliest tax year still subject to examination for state purposes is fiscal 2012. The Company s tax years for periods ending April 30, 2001 and forward are subject to examination by the United States and certain states due to the carry-forward of unutilized net operating losses.

The following table indicates the changes to the Company s uncertain tax positions for the period and years ended April 30, 2015 and 2014 in thousands:

	Year Ended April 30,	
	2015	2014
Balance, beginning of the year	$	$
Addition based on tax positions related to prior years	21	
Addition based on tax positions related to current year	79	
Balance, end of year	$ 100	$

As of April 30, 2015 the above amount of $100,000 was included in other long-term liabilities.

Note 9. Related Party Transactions

Related party transactions include transactions between the Company and its shareholders, management, or affiliates. The following transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Consulting Services

During the years ended April 30, 2015 and 2014, the Company paid a member of its Board of Directors $62,500 and $150,000, respectively, for consulting services unrelated to their duties as board members. During the years ended April 30, 2015 and 2014, the Company paid a board member s company $3,700 and $15,800, respectively, for consulting services. All of the amounts paid to these related parties have been recognized in expense in the period the services were performed.

Private Placement

During the year ended April 30, 2015, the Company sold an aggregate of 451,754 shares of common stock at a price of $4.80 per share and warrants to purchase an aggregate of 248,460 additional shares of common stock at an exercise price of $5.76 per share to two of its officers and directors in the March 2015 Private Placement. The proceeds of this sale were from the convertible promissory notes that were entered into on December 1, 2014 between the Company and two of its executive officers as described further in Note 7 above.

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Note 10. Business Segment Information

The Company operates in two segments, POS and TOS. The accounting policies of the Company s segments are the same as those described in Note 2. The Company evaluates performance of its segments based on profit or loss from operations before stock compensation expense, depreciation and amortization, interest expense, interest income, gain on sale of assets, special charges or benefits, and income taxes (segment profit). Management uses segment profit information for internal reporting and control purposes and considers it important in making decisions regarding the allocation of capital and other resources, risk assessment, and employee compensation, among other matters. The following tables summarize, for the periods indicated, operating results by business segment (in thousands):

Year Ended April 30, 2015	Personalized Oncology Solutions (POS)	Translational Oncology Solutions (TOS)	Unallocated Corporate Overhead	Consolidated
Net revenue	$ 1,663	$ 7,200	$	$ 8,863
Direct cost of services	(2,711)	(4,877)		(7,588)
Sales and marketing costs	(1,514)	(2,208)		(3,722)
Other operating expenses		(4,493)	(3,136)	(7,729)
Stock compensation expense(1)			(3,162)	(3,162)
Segment profit (loss)	$ (2,562)	$ (4,378)	$ (6,298)	$ (13,238)

Year Ended April 30, 2014	Personalized Oncology Solutions (POS)	Translational Oncology Solutions (TOS)	Unallocated Corporate Overhead	Consolidated
Net revenue	$ 2,264	$ 9,286	$	$ 11,550
Direct cost of services	(2,667)	(3,496)		(6,163)
Sales and marketing costs	(1,723)	(1,080)		(2,803)
Other operating expenses		(2,209)	(3,828)	(6,037)
Stock compensation expense(1)			(2,807)	(2,807)
Segment loss	$ (2,126)	$ 2,501	$ (6,635)	$ (6,260)

(1) Stock compensation expense is shown separately and is excluded from direct costs of services, sales and marketing costs, and other operating expenses, as it is managed on a consolidated basis and is not used by management to evaluate the performance of its segments.

All of the Company s revenue is recorded in the United States and substantially all of its long-lived assets are in the United States.

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2,000,000 shares of Common Stock

PROSPECTUS

Sole Bookrunner

National Securities Corporation

June 10, 2016

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