SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB

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

For the Fiscal Year Ended December 31, 2006

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

For the transition period from_____ to _____

Commission file number: 001-13467

COMMONWEALTH BIOTECHNOLOGIES, INC.

(Name of small business issuer in its charter)

Virginia	**54-1641133**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

601 Biotech Drive
Richmond, Virginia 23235
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: (804) 648-3820

Securities registered pursuant to Section 12(b) of the Act:	**Securities registered pursuant to Section 12(g) of the Act:**
Common Stock, without par value per share **NASDAQ Capital Market**	**None**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ☒

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

The issuer's revenues for the year ended December 31, 2006 were $6,532,482.

The aggregate market value of the shares of common stock, without par value ("Common Stock"), of the registrant held by non-affiliates on March 21, 2007 was approximately $5,858,342 based on the closing sales price of the shares of $1.96 per share, as reported on the NASDAQ Market on March 21, 2007.

As of March 21, 2007, there were 5,484,767 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its Annual Meeting of Shareholders to be held on May 18, 2007 are incorporated by reference into Part III of this Form 10-KSB. Portions of the registrant's 2006 Annual Report to Shareholders are incorporated by reference into Part II of this Form 10-KSB.

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

PART I

Item 1. Description of Business.

Overview

Commonwealth Biotechnologies, Inc. (the "Company" or "CBI") is a solutions provider to the global biotechnology industry, academic institutions, government agencies, and pharmaceutical companies. It offers broad ranging expertise and a complete array of the most current analytical and synthetic chemistries and biophysical analysis technologies, many of which are not available from other commercial sources. CBI has crafted a stimulating, open environment where scientists collaborate among themselves and with CBI's clients, take on interesting challenges and develop creative solutions. Through CBI's Fairfax Identity Labs ("FIL"), CBI offers comprehensive genetic identity testing, including paternity, forensic, and Convicted Offender DNA Index System ("CODIS") analyses. CBI is accredited by the American Association of Blood Banks, Clinical Laboratory Improvement Amendments ("CLIA"), and the National Forensic Science Technology Council, and operates fully accredited BSL-3 laboratory. CBI enjoys an excellent reputation with its customers and is valued for its ability to bring novel and imaginative solutions to problems in life-sciences research.

CBI is a preferred provider of early development contract research. The Company facilitates strategic decisions to both short term and long term clients. The Company offers both Good Laboratory Practices ("GLP") and non-GLP rated services, and accommodates all levels of service, from bench to production scale processes. CBI prides itself on its high throughput and fully integrated platform technologies, and over the years, has put in place numerous specialty labs, including Biosafety level 3 labs for bacteriology and virology, a DNA reference Lab, calorimetry and mass spectrometry labs, cell culture and fermentation labs, high throughput DNA sequence labs, and peptide synthesis labs. This arrangement distinguishes CBI from many other biotechnology companies in that its revenues are not dependent on successful commercialization of a new biotechnology product. The Company continues to keep pace with new technologies and is able to offer these new services to its customers.

The Company has the experience and expertise usually found in much larger contract research organizations ("CROs"). It has extensive experience in contract and program management work in both the government and private sectors and is well-recognized for expertise in molecular genetics, mass spectrometry, peptide synthesis, DNA sequence analysis and reference lab work.

CBI is vigorously pursuing revenue opportunities in four principal focus areas: bio-defense; laboratory support services for on-going clinical trials; comprehensive contract projects in the private sector; and in DNA reference lab activities. CBI acts as both prime contractor and subcontractor for bio-defense related work. More often than not, CBI is the prime (if not the only) contractor performing clinical laboratory or comprehensive contracts for its private sector clients.

The Company views commercial and government contracts as its most important sources of revenue. For this reason, it has moved away from concept of "piece work" for individual investigators. Further, CBI is now emphasizing its creative solutions approach, rather than its large litany of individual technology offerings. CBI sees its creative solutions approach as an added value for its customers and has determined that its customers are willing to contract with CBI for this premium service. CBI has entirely re-vamped its web page (www.cbi-biotech.com) to help clarify its potential role is solving its customers problems. With all its contracts, revenues are generally recognized as services are rendered or as products are delivered. In some instances, revenue is also recognized with performance-based installments payable over the contract as milestones are achieved.

The most significant event for the Company during the year was the announcement of its intention to acquire Mimotopes Pty Ltd, in a stock transaction with a subsidiary of PharmAust Limited (Australian Stock Exchange: PAA). Mimotopes is a global leader in high quality research-grade peptide products and applications with a suite of patented synthesis technologies, state-of-the-art facilities and a team of highly experienced staff. Upon completion of the transaction in February 2007, former Mimotopes Managing Director Dr. Paul D'Sylva, was appointed to the Board of Directors of CBI and also assumed the duties of Chief Executive Officer. Dr. D'Sylva brings an exceptional skill set in business and finance to CBI that complements the skills of CBI's senior management. Under Dr. D'Sylva's leadership, the Company believes that it is well positioned to increase shareholder value in 2007 through increased revenues, expanded international operations and additional strategic acquisitions.

The Mimotopes transaction brings an immediate boost to CBI's top line revenues as well as a seasoned sales team well versed in selling services to the pharmaceutical and biotech industries. CBI-Mimotopes now has sales offices in San Diego, Raleigh, and Minneapolis, as well as in the UK and Australia. Mimotopes also brings key partnerships with major life science companies Invitrogen and Genzyme Pharmaceuticals. These relationships have strong potential to open new doors for CBI's products and services and add significant momentum to CBI's growth in 2007 and beyond. Underlining the strength of the relationship with Genzyme, Mr. Dan Hayden, Senior VP and General Manager of Genzyme Pharmaceuticals, has accepted a position on the Board of CBI.

CBI's top line revenues in 2006 showed a decrease of 16 percent over 2005, primarily due to a downturn in government sector contract revenues. In 2006, government contracting became very tenuous as dollars were shifted from bio-defense into other areas of priority, including on-going defense efforts, pandemic flu and other health concerns, and natural disaster relief. This information has been confirmed from various on-site meetings with government agencies. While the 2006 year-end results were disappointing, several actions are now underway to leverage the company's strengths and concentrate resources on core competencies. A strategic review of operations has been initiated, which among other things, will assist management to understand better the cost drivers in CBI's business and price its services more competitively in the market. The acquisition of Mimotopes and its broad private sector client base will also assist CBI to offset intermittent downturns in contract volume from the government sector. Nonetheless, government contracting in bio-defense and vaccine development remains a funding objective of the Company, but the lack of stability in the government sector also points to the importance of gaining market strength in the private and commercial sectors.

In this regard, CBI's efforts in identifying contract revenues in the private sector are beginning to pay off. CBI's web page has been re-vamped once again to more closely align its technology offerings with the expectations and requirements of pharma, bio-tech and related industries. Revised advertising and marketing materials have also been created and distributed which align CBI's technology offerings with the drug discovery and bio-processing pipelines. As a result of this concerted marketing push, contract dollars with commercial sector clients in 2006 were up compared to 2005, and CBI continues to gain market share for work outsourced from the private sector. Revenues from the DNA reference lab, under the auspices of Fairfax Identity Labs (FIL), were softer in 2006 compared to 2005. However, FIL won several new large contracts in late 2006, primarily in the area of forensic analysis. These contracts represent a shift away from paternity testing contracts to higher margin areas of analysis.

CBI enters 2007 with a number of key contracts across its operating divisions, CBI Services, FIL, and Mimotopes. The Company continues to be a well-recognized key player in bio-defense, vaccine development, clinical trial support, genetic identity work, and now, peptide libraries and peptide synthesis. CBI continues to meet the needs of its clients with superior service and has added new clients in 2006 who are industry leaders in CBI's core focus areas. In 2007, CBI will be implementing a number of initiatives aimed at increasing revenues, increasing margins, managing costs and most importantly, increasing market awareness and market value. Building on its strong reputation, these initiatives have the potential to build CBI into a true world-leader in contract drug-discovery.

Growth Strategy

The Company is vigorously pursuing revenue opportunities in four principal focus areas: bio-defense; laboratory support services for on-going clinical trials; comprehensive contract projects in the private sector; and DNA reference lab activities which includes paternity testing, forensic case-work analysis, mitchondrial DNA analysis, and CODIS (Combined DNA Index System) sequence analysis.

The Company attracts customers from its presentations at national trade shows and advertisements in profession journals. Most work comes to the Company via the internet, and to this end CBI has totally revamped its web page to be more user-friendly. CBI is a well-recognized key player in bio-defense, vaccine development, clinical trial support, and genetic identity work. Management believes that CBI is very well positioned for continued growth in these areas, and that the Company presents an integrated team to deliver what it believes to be the best service possible to its clients.

The Company is committed to growing revenues from the private sector where margins are higher than from government contracts.

Regulatory Compliance

The Company is registered under CLIA, which enables the Company to accept human samples for analysis and to perform analysis of human clinical samples for the presence of known genetic markers.

The Company is also accredited under the guidelines of the National Forensic Science Technology Center ("NFSTC"), to perform DNA identity testing for submission of data into the CODIS data base and to perform forensic analyses. The Company is one of a select few commercial facilities nationwide accredited by the NFSTC to perform criminal (felony) DNA database testing for submission into the FBI CODIS database.

The American Association of Blood Banks ("AABB") accredits the Company, and the Company has participated in a validation study through the College of American Pathologists ("CAP"). Accreditation by the AABB enables the Company to perform paternity testing on private and public cases.

The Company is also accredited by the Centers for Disease Control to receive and handle select agents. The Company operates and maintains an accredited Biosafety level 3 facility which houses bacteriology and virology laboratories.

The Company operates under strict GLP guidelines and has been successfully audited by a number of private companies and governmental agencies.

Analytical Support Services

The Company is a fee-for-service contractor offering integrated programs that span the gamut of state-of-the-art life sciences investigations. Typically, CBI takes no ownership position in the intellectual property rights resulting from services it performs under contract for its customers. Since commencing operations, the Company has become noted for providing a wide range of services relating to design, synthesis, purification, and analysis of peptides, proteins, and oligonucleotides and in creating unique assay and detection methods.

CBI's competitive edge resides in its ability to provide a wide range of services in fully integrated research programs. The Company's competitors may offer selected services, such as DNA sequence analysis, antibody production, or peptide synthesis, but few of the Company's competitors offer all the same platform technologies in an integrated format. The Company also offers a full range of program management services, is staffed with personnel who hold clearances from the government agencies, and has a fully

operational Biosafety level 3 laboratory suite. “One stop biotechnology shopping” with proven program management with creative problem solutions expertise proved attractive in securing long-term contracts with customers ranging from major pharmaceutical industry researchers to major government sponsors of research, including agencies of the Department of Defense.

The services offered by the Company are fully detailed in its promotional brochures, and on its website (www.cbi-biotech.com). The Company offers “fax-on-demand” for customers who seek technology descriptions and pricing information.

Customers

CBI re-defined its client base to focus on long-term project goals, rather than on individual orders for selected technologies. Its clients are from private companies, academic institutions and government agencies across the globe. Whether the client is a start-up company with research and development needs, or an established firm wishing to move a product through the regulatory process, CBI stands ready as partner of choice to provide the required services that ensure success.

Over the years, CBI has re-priced its platform technologies to maintain its margins while maintaining its competitive edge. In several instances, CBI ceased to offer a technology service when it became clear that the price needed to pay its overhead and maintain its margin made CBI non-competitive in the market place. CBI management continuously reviews its pricing policies.

Proprietary Research and Development

CBI has developed its own intellectual properties that could potentially add a significant revenue stream to the Company when they are fully commercialized. However, the Company is focused entirely on its core competencies and as such, has more or less abandoned development of intellectual properties. Its focus with regard to its patent portfolio is to find third party licensees who can fully exploit a product’s potential.

The Company takes appropriate steps to protect its intellectual property rights and those of its customers. CBI’s practice is to require its employees and consultants to execute non-disclosure and proprietary rights agreements upon commencement of employment or consulting arrangements with the Company. These agreements acknowledge the Company’s exclusive ownership of all intellectual property developed by the individual during the course of his work with the Company and require that all proprietary information disclosed to the individual by the Company or its customers remain confidential.

Marketing

The Company has expanded its customer base primarily through word-of-mouth referrals, attendance at a limited number of trade shows, seminars, and on-site meetings with decision makers. Because of its ability to offer a wide range of biotechnology research services, the Company enjoys a favorable reputation among its customers, and many new customers come to the Company by word-of-mouth recommendation. The Company has constructed its own website (www.cbi-biotech.com) and is listed with several bio-technical and biomedical oriented sites on the World Wide Web.

The Company has developed a marketing plan which addresses several key issues, including;

- **New web–based initiatives:**

  The CBI web page is being re-designed to make it more user friendly and easier to navigate. New websites will promote the forensics capabilities at CBI, and the herpes virus testing platform web page will be upgraded. CBI’s website prominence will be enhanced through search engine optimization, and finally, the Company is planning on providing periodic, information-based newsletters.

- **A refocus of the Company's media efforts:**

  The Company continuously updates its technical brochures, promotional pieces, and trade show booth presentations. Individual sales flyers are distributed which detail the specific technologies available through CBI. The Company's trade show booth is versatile enough to serve its diverse client base.

- **Electronic News Letter**

  The Company has instituted an electronic quarterly newsletter which is sent to its data base of email subscribers. The newsletter is intended to keep its customers and its shareholders abreast of current events at the Company and to inform its audience of newsworthy events.

- **Investor Relations**

  The Company is committed to presentation of its capabilities in appropriate forums, such as analyst conferences and forums. Presentations made by CBI's management at these venues are posted to CBI's web page.

Human Resources

The Company currently has forty-five full time employees, including four employees in administration; two in quality control; three in marketing, sales, and/or customer relations; one computer network specialist; and thirty-five employees in laboratory operations. Seven of the Company's employees hold doctorate degrees, and six have master's degrees. None of the Company's employees are represented by a labor union. The Company has experienced no work stoppages and believes its relations with its employees to be good.

Competition

The Company faces several types of competition, but the Company believes that there are fewer than 5 companies which can be considered direct competitors across multiple technologies. However, there are virtually no other companies which offer the breadth of CBI's services, especially with regard to its expertise in bio-defense related work.

Government Regulation

The Company does not require government regulatory approvals to provide its current services. Numerous federal, state and local agencies, such as environmental, working condition and other similar regulators, have jurisdiction to take action that could have a material adverse effect upon the Company's ability to do business. The Company believes that it is in general compliance with existing federal, state and local laws and regulations and does not anticipate that continuing compliance will have any material effect upon the capital expenditures, earnings or competitive position of the Company.

The Company anticipates that its pursuit of its growth strategy will subject the Company to a heightened level of government regulation of its operations. For example, in pursuing opportunities to provide analytical services to customers seeking the approval of the United States Food and Drug Administration "FDA" of products, the Company's operations will become subject to compliance with standards established by the FDA, including inspections by the FDA and other federal, state and local agencies regarding work performed by the Company on specific FDA submission projects. If significant violations are discovered during an inspection, the Company may be restricted from undertaking additional work on projects until the violations are remedied. The Company has a

license from the Nuclear Regulatory Commission ("NRC") for conduct of work involving radio-nuclides and operates a BSL3 facility under accreditation from the Centers for Disease Control.

Item 2. Description of Property.

Facilities

On November 17, 2004, the Company redeemed industrial revenue bonds for a conventional note payable to a bank. The note matures in November 2009. On December 5, 2005, the Company renegotiated the mortgage rate from prime +0% to prime -.25%. Estimated monthly payments of principal and interest are $32,351 and are collateralized by the building and other assets of the Company. The Company also entered into a swap transfer agreement with its bank essentially capping the interest rate paid by the Company at 7.725%.

The Company's facility, located in Richmond, Virginia, encompasses 32,000 square feet of state-of-the-art laboratory and administrative space. The building is designed to facilitate movement of samples throughout each laboratory, and where necessary, to maintain and ensure custody of samples. The building houses expansion space, which was purposefully left undeveloped to accommodate new technologies as they come on board.

Item 3. Legal Proceedings.

The Company is not subject to any pending legal proceeding required to be disclosed.

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

No matter was submitted to a vote of security holders in the fourth fiscal quarter of 2006.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters.

The information set forth on page 6 the Company's 2006 Annual Report to Shareholders under the caption "Market for Common Equity" is incorporated herein by reference.

The following table provides information about our equity compensation plans as of December 31, 2006.

Plan Category	a Number of securities to be issued upon exercise of outstanding options, warrants and rights	b Weighted-average exercise price of outstanding options, warrants and rights	c Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	931,725	$ 6.07	287,309
Equity compensation plans not approved by security holders	0	0	0
Total	931,725	$ 6.07	287,309

Item 6. Management's Discussion and Analysis or Plan of Operation

The information set forth on pages 9 through 15 of the Company's 2006 Annual Report to Shareholders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" is incorporated herein by reference.

Item 7. Financial Statements.

The Company's financial statements and the related notes thereto, together with the report of BDO Seidman LLP for 2006 and 2005, set forth on pages 17 through 34 of the Company's 2006 Annual Report to Shareholders are incorporated herein by reference.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 8A. Controls and Procedures.

The Company maintains a system of controls and procedures designed to provide reasonable assurance as to the reliability of the financial statements and other disclosures included in this report, as well as to safeguard assets from unauthorized use or disposition. The Company evaluated the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-14(c) and Rule 15a-14(c) under the Securities Exchange Act of 1934) under the supervision and with the participation of management, including the

Company's Chief Executive Officer and Vice President of Financial Operations, within 90 days prior to the filing date of this report. Based upon that evaluation, the Company's Chief Executive Officer and Vice President of Financial Operations concluded that the Company's disclosure controls and procedures are effective in timely alerting them to information required to be included in the Company's periodic Securities and Exchange Commission filings. There were no significant changes in the Company's internal controls or in other factor that could significantly affect these controls subsequent to the date of their evaluation.

Item 8B Other Information.

The Company has previously reported all information required to be disclosed during the fourth quarter of 2006 in a report on Form 8-K.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

Directors

The information relating to the directors of the Company set forth in the Company's definitive proxy statement relating to the Company's Annual Meeting of Shareholders to be held on May 18, 2007 (the "Proxy Statement") under the caption "Proposal One" is incorporated herein by reference.

Executive Officers

The information relating to the executive officers of the Company set forth in the Proxy Statement under the caption "Management-Business History of Executive Officers" is incorporated herein by reference.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

The information relating to compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, set forth in the Proxy Statement under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference.

Code of Conduct

The information relating to the Company's Code of Conduct is set forth in the Proxy Statement under the caption "Board of Directors Information – Does the Company have a Code of Conduct?" is incorporated herein by reference.

Item 10. Executive Compensation.

The information set forth in the Proxy Statement under the caption "Executive Compensation" is incorporated herein by reference.

Item 11. Security Ownership of Certain Beneficial Owners and Management.

The information set forth in the Proxy Statement under the caption "Beneficial Ownership of Common Stock" is incorporated herein by reference.

Item 12. Certain Relationships and Related Transactions.

On February 9, 2007, the Company acquired all outstanding capital stock of Mimotopes Pty Ltd, an Australian limited company ("Mimotopes"), from PharmAust Chemistry Ltd, an Australian limited company and parent company of Mimotopes ("Chemistry"). As consideration for the acquisition, the Company issued an aggregate of 2,150,000 unregistered shares of its common stock, without par value per share, to Chemistry. On February 9, 2007, the closing price of the Company's common stock on the Nasdaq Capital Market was $2.15 per share. In connection with the closing of this transaction, the Company appointed Paul D'Sylva, Ph.D. as the Chief Executive Officer and a director of the Company. The Company entered into a formal employment agreement with Dr. D'Sylva as of February 9, 2007. At the time of the acquisition, Dr. D'Sylva served as the Managing Director of PharmAust Limited, an Australian limited company and the parent company of Chemistry.

Item 13. Exhibits

(a) Exhibits.

Exhibit Number	Description of Exhibit
3.1	Articles of Incorporation (1)
3.2	Third Amended and Restated Bylaws (2)
4.1	Form of Common Stock Certificate (1)
10.1	Warrant Agreement between the Company and Richard J. Freer, as amended (1)
10.2	Warrant Agreement between the Company and Thomas R. Reynolds, as amended (1)
10.3	Warrant Agreement between the Company and Robert B. Harris, as amended (1)
10.4	Employment Agreement between the Company and Paul D'Sylva, Ph.D. (3)
10.5	First Amended and Restated Employment Agreement for Richard J. Freer, Ph.D. (4)
10.6	First Amendment to First Amended and Restated Employment Agreement between the Company and Richard J. Freer, Ph.D. (5)
10.7	Second Amendment to First Amended and Restated Employment Agreement for Richard J. Freer, Ph.D. (6)
10.8	Employment Agreement for Robert B. Harris (7)
10.9	First Amended and Restated Employment Agreement for Thomas R. Reynolds (8)
10.10	First Amendment to First Amended and Restated Employment Agreement for Thomas R. Reynolds (6)
10.11	First Amended and Restated Employment Agreement for James H. Brennan (6)
10.12	First Amendment to First Amended and Restated Employment Agreement for James H. Brennan (6)
10.13	Officer's Severance Agreement for James H. Brennan (9)
10.14	Voting and Lock-Up Agreement, dated as of February 9, 2007, by and among the Company, PharmAust Chemistry Ltd and PharmAust Limited (10)
10.15	Registration Rights Agreement, dated as of February 9, 2007, by and between the Company and PharmAust Chemistry Ltd (10)
13.1	Annual Report to Shareholders for the fiscal year ended December 31, 2006 incorporated into Form 10-KSB (13)
23.1	Consent of BDO Seidman, LLP (13)
31.1	Certification of Robert B. Harris, Ph.D. (13)
31.2	Certification of James H. Brennan (13)
32.1	Section 906 Certification of Robert B. Harris, Ph.D. (13)
32.2	Section 906 Certification of James H. Brennan (13)
99.1	1997 Stock Incentive Plan, as amended (1)
99.2	2000 Stock Incentive Plan (11)
99.3	2002 Stock Incentive Plan, as amended (12)

(1) Incorporated by reference to the Company's Registration Statement on Form SB-2, Registration No. 333-31731.
(2) Incorporated by reference to the Company's Current Report, dated March 29, 2007, File No. 001-13467.
(3) Incorporated by reference to the Company's Current Report on Form 8-K, dated February 28, 2007, File No. 001-13467.
(4) Incorporated by reference to the Company's Current Report on Form 8-K, dated June 28, 2005, File No. 001-13467.
(5) Incorporated by reference to the Company's Current Report on Form 8-K, dated August 15, 2005, File No. 001-13467.
(6) Incorporated by reference to the Company's Current Report on Form 10-KSB, dated March 31, 2006, File No. 001-13467.
(7) Incorporated by reference to the Company's Current Report on Form 8-K, dated January 5, 2007, File No. 001-13467.
(8) Incorporated by reference to the Company's Current Report on Form 8-K, dated February 10, 2005, File No. 001-13467.
(9) Incorporated by reference to the Company's Form 10-KSB, dated March 31, 2003, File No. 001-13467.
(10) Incorporated by reference to the Company's Current Report on Form 8-K, dated February 15, 2007, File No. 001-13467.
(11) Incorporated by reference to the Company's Registration Statement on Form S-8, Registration No. 333-51074.
(12) Incorporated by reference to the Company's Registration Statement on Form S-8, Registration No. 333-102368.
(13) Filed herewith.

Item 14. Principal Accountant Fees and Services.

The information set forth in the Proxy Statement under the caption "Appointment of Independent Registered Public Accountants" is incorporated herein by reference.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMMONWEALTH BIOTECHNOLOGIES, INC.

Date: March 30, 2007

By: /s/ Robert B. Harris, Ph.D.
Robert B. Harris, Ph.D.
President

Executive Compensation Plans and Arrangements

The following is a list of all executive compensation plans and arrangements filed as exhibits to this annual report on Form 10-KSB or incorporated herein by reference:

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12. Officer's Severance Agreement for James H. Brennan (9)
13. 1997 Stock Incentive Plan, as amended (1)
14. 2000 Stock Incentive Plan (7)
15. 2002 Stock Incentive Plan, as amended (8)

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(8) Incorporated by reference to the Company's Registration Statement on Form S-8, Registration No. 333-102368.
(9) Incorporated by reference to the Company's Form 10-KSB dated March 31, 2003, File No. 001-13467.

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title(s)	Date
/s/ Richard J. Freer, Ph.D. Richard J. Freer, Ph.D.	Chairman, COO and Director	March 30, 2007
/s/ Paul D'Sylva, Ph.D. Paul D'Sylva, Ph.D.	Chief Executive Officer and Director	March 30, 2007
/s/ Robert B. Harris, Ph.D. Robert B. Harris, Ph.D.	President and Director (Principal Executive Officer)	March 30, 2007
/s/ Thomas R. Reynolds Thomas R. Reynolds	Executive Vice President, Secretary and Director	March 30, 2007
/s/ James H. Brennan James H. Brennan	Vice President Financial Operations (Principal Financial and Accounting Officer)	March 30, 2007
/s/ James. P. Causey James P. Causey	Director	March 30, 2007
/s/ Samuel P. Sears, Jr. Samuel P. Sears, Jr.	Director	March 30, 2007
/s/ Gerald P. Krueger, Ph.D. Gerald P. Krueger, Ph.D.	Director	March 30, 2007
/s/ Donald McAfee, Ph.D. Donald McAfee, Ph.D.	Director	March 30, 2007
/s/ Daniel O.Hayden Daniel O. Hayden	Director	March 30, 2007

EXHIBIT INDEX

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10.5	First Amended and Restated Employment Agreement for Richard J. Freer, Ph.D. (4)
10.6	First Amendment to First Amended and Restated Employment Agreement between the Company and Richard J. Freer, Ph.D. (5)
10.7	Second Amendment to First Amended and Restated Employment Agreement for Richard J. Freer, Ph.D. (6)
10.8	Employment Agreement for Robert B. Harris (7)
10.9	First Amended and Restated Employment Agreement for Thomas R. Reynolds (8)
10.10	First Amendment to First Amended and Restated Employment Agreement for Thomas R. Reynolds (6)
10.11	First Amended and Restated Employment Agreement for James H. Brennan (6)
10.12	First Amendment to First Amended and Restated Employment Agreement for James H. Brennan (6)
10.13	Officer's Severance Agreement for James H. Brennan (9)
10.14	Voting and Lock-Up Agreement, dated as of February 9, 2007, by and among the Company, PharmAust Chemistry Ltd and PharmAust Limited (10)
10.15	Registration Rights Agreement, dated as of February 9, 2007, by and between the Company and PharmAust Chemistry Ltd (10)
13.1	Annual Report to Shareholders for the fiscal year ended December 31, 2006 incorporated into Form 10-KSB (13)
23.1	Consent of BDO Seidman, LLP (13)
31.1	Certification of Robert B. Harris, Ph.D. (13)
31.2	Certification of James H. Brennan (13)
32.1	Section 906 Certification of Robert B. Harris, Ph.D. (13)
32.2	Section 906 Certification of James H. Brennan (13)
99.1	1997 Stock Incentive Plan, as amended (1)
99.2	2000 Stock Incentive Plan (11)
99.3	2002 Stock Incentive Plan, as amended (12)

(1) Incorporated by reference to the Company's Registration Statement on Form SB-2, Registration No. 333-31731.
(2) Incorporated by reference to the Company's Current Report on Form 8-K, dated March 29, 2007, File No. 001-13467.
(3) Incorporated by reference to the Company's Current Report on Form 8-K, dated February 28, 2007, File No. 001-13467.
(4) Incorporated by reference to the Company's Current Report on Form 8-K, dated June 28, 2005, File No. 001-13467.
(5) Incorporated by reference to the Company's Current Report on Form 8-K, dated August 15, 2005, File No. 001-13467.
(6) Incorporated by reference to the Company's Current Report on Form 10-KSB, dated March 31, 2006, File No. 001-13467.
(7) Incorporated by reference to the Company's Current Report on Form 8-K, dated January 5, 2007, File No. 001-13467.
(8) Incorporated by reference to the Company's Current Report on Form 8-K, dated February 10, 2005, File No. 001-13467.
(9) Incorporated by reference to the Company's Form 10-KSB, dated March 31, 2003, File No. 001-13467.
(10) Incorporated by reference to the Company's Current Report on Form 8-K, dated February 15, 2007, File No. 001-13467.
(11) Incorporated by reference to the Company's Registration Statement on Form S-8, Registration No. 333-51074.
(12) Incorporated by reference to the Company's Registration Statement on Form S-8, Registration No. 333-102368.
(13) Filed herewith.

Commonwealth Biotechnologies, Inc.

2006 ANNUAL REPORT

Commonwealth Biotechnologies, Inc.
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To Our Shareholders:

2006 was an exciting year for Commonwealth Biotechnologies, Inc (CBI). Without a doubt the most significant event for the Company during the year was its announced intention to acquire Mimotopes Pty Ltd, in a stock transaction with PharmAust Ltd (Australian Stock Exchange: PAA). Mimotopes is a global leader in high quality research-grade peptide products and applications with a suite of patented synthesis technologies, state-of-the-art facilities and a team of highly experienced staff. Upon completion of the transaction in February 2007, former Mimotopes Managing Director Dr Paul D'Sylva, was appointed to the Board of Directors of CBI and also assumed the duties of Chief Executive Officer. Dr D'Sylva brings an exceptional skill set in business and finance to CBI that compliments the skills of CBI's senior management. Under Dr. D'Sylva's leadership, the Company is well positioned to increase shareholder value in 2007 through increased revenues, expanded international operations and additional strategic acquisitions.

The Mimotopes transaction brings an immediate boost to CBI's top line revenues as well as a seasoned sales team well versed in selling services to the pharmaceutical and biotech industries. CBI-Mimotopes now has sales offices in San Diego, Raleigh, and Minneapolis, as well as in the UK and Australia. Mimotopes also brings key partnerships with major life science companies Invitrogen and Genzyme Pharmaceuticals. These relationships have strong potential to open new doors for our products and services and add significant momentum to CBI's growth in 2007 and beyond. Underlining the strength of the relationship with Genzyme, Mr. Dan Hayden, Senior VP and General Manager of Genzyme Pharmaceuticals, has accepted a position on the Board of CBI.

CBI's top line revenues in 2006 showed a decrease of 16 percent over 2005, primarily due to a downturn in government sector contract revenues. In 2006, government contracting became very tenuous as dollars were shifted from bio-defense into other areas of priority, including on-going defense efforts, pandemic flu and other health concerns, and natural disaster relief. This information has been confirmed from various on-site meetings with government agencies. While the 2006 year-end results were disappointing, several actions are now underway to leverage the company's strengths and concentrate resources on core competencies. A strategic review of operations has been initiated, which among other things, will assist the company to understand better the cost drivers in its business and price its services more competitively in the market. The acquisition of Mimotopes and its broad private sector client base will also assist CBI to offset intermittent downturns in contract volume from the Government Sector. Nonetheless, government contracting in bio-defense and vaccine development remains a funding objective of the Company, but the lack of stability in the government sector also points to the importance of gaining market strength in the private and commercial sectors.

In this regard, CBI's efforts in identifying contract revenues in the private sector are beginning to pay-off. Our web page has been re-vamped once again to more closely align our technology offerings with the expectations and requirements of pharma, bio-tech and related industries. Revised advertising and marketing materials have also been created and distributed which align CBI's technology offerings with the drug discovery and bio-processing pipelines. As a result of this concerted marketing push, contract dollars with commercial sector clients in 2006 were up compared to 2005 and CBI continues to gain market share for work outsourced from the private sector. Revenues from the DNA reference lab, under the auspices of Fairfax Identity Labs (FIL), were softer in 2006 compared to 2005. However, FIL won several new large contracts in late 2006, primarily in the area of forensic analysis. These contracts represent a shift away from paternity testing contracts to higher margin areas of analysis.

CBI enters 2007 with a number of key contracts across its operating divisions, CBI Services, FIL, and Mimotopes. The company continues to be a well-recognized key player in bio-defense, vaccine development, clinical trial support, genetic identity work, and now, peptide libraries and peptide synthesis. We continue to meet the needs of our clients with superior service and have added new clients in 2006 who are industry leaders in our core focus areas. In 2007, CBI will be implementing a number of initiatives aimed at increasing revenues, increasing margins, managing costs and most importantly, increasing market awareness and market value. Building on its strong reputation, these initiatives have the potential to build CBI into a true world-leader in contract drug-discovery.

Thank You for Your Continued Support

We look forward to a successful and exciting 2007. Thank you for your continued support.

Finally, we acknowledge the valuable input provided by outgoing Board member, Mr. Joseph Slay, who helped design CBI's revamped marketing campaign. Mr. Slay is replaced by Mr. Dan Hayden, Senior Vice President and General Manager of Genzyme Pharmaceuticals. We look forward to Mr. Hayden's valuable input in helping to establish CBI's interactions with the global pharmaceutical and biotechnology industries.

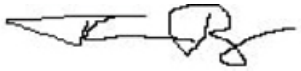
You are cordially invited to attend CBI's 2006 Annual Meeting of Shareholders on May 18, 2007 at 11:00 a.m. at the Company's facility.

With best regards,

Richard J. Freer, Ph.D.
Chairman of the Board, COO

Paul D'Sylva, Ph.D.
Chief Executive Officer

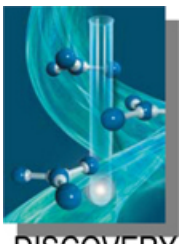
Robert B. Harris, Ph.D.
President, CBI Richmond Operations



Thomas R. Reynolds,
Executive VP, Science and Technology

James H. Brennan, MBA
Vice President, Financial Operations

CBI is a Premiere Solutions Provider:


DISCOVERY

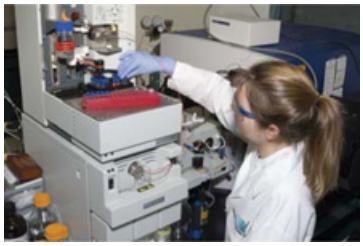

PRECLINICAL


CLINICAL


BIOMANUFACTURING

CBI Facilitates Research and Development:

- Innovative approaches and Optimized technologies
- Depth and breath of expertise
- Exceptional Problem-Solving Abilities
- Wide range of options for complex questions
- Faster, cheaper, and innovative solutions and tools
- Accredited by the CDC, the AABB, the USDA, the NFSTC
- CLIA accredited laboratories
- Experienced and cooperative program management.



Drug Development Services

- Rational design
  - Therapeutic peptides
  - MAbs
  - Vaccines and Gene Therapies
- Large molecule production – Biologics and drug gargets
  - Recombinant viruses and vaccines, challenge material, BSL-3
  - Recombinant proteins
  - Custom antibodies
  - Custom peptides
- Bio-Analytics — custom assay development
  - Protein chemistry: protein analysis, characterization, peptides, binding studies, proteomics
  - Molecular biology: gene analysis, expression, cloning and sequencing
  - Microbiology / Virology detection and ID, select agents, BSL-3
  - Immunology, functional assays, immunogenicity and immune system function, ELISA

PreClinical Services

- GLP production and technology transfer to 3rd party GMP
  - Therapeutic peptides
  - Therapeutic antibodies
  - Vaccines and challenge material (BSL-3)
  - Recombinant proteins
- Bio-Manufacturing support
  - Cell bank characterization
  - Protein characterization and stability
  - Bio-pharmaceutical potency assay development
  - Bio-safety testing
  - Lot release for safety, purity, potency
- Custom Bio-Analytics for preclinical studies (GLP)
  - Assay development for assessing biologics safety and efficacy in animal studies
  - Assay development for assessing immunogenicity and immune system function
  - Ligand binding studies for protein / peptide therapies and targets
  - Specialty molecular-biology assay development, GLP sequencing
  - Microbiology / Virology BSL-3 assay development
  - Assay of specimens requiring BSL-3

Clinical Lab Services

- Safety, efficacy and potency of biologics
  - Primary endpoints
  - Esoteric safety assays
  - Biomarkers
  - Immunogenic response
  - Biologics characterization
- Support Central Lab testing by Sponsors and 3rd party Central Labs
- CLIA, GCP Lab
- Vaccines including BSL-3
- Gene therapies
- Therapeutic antibodies and peptides
- Recombinant proteins

Bio-Manufacturing Services

- GLP grade biopharmaceuticals
  - Therapeutic peptides
  - Recombinant proteins
  - Therapeutic MAbs
  - Vaccines and gene therapies including (BSL-3)
- Custom potency development and testing
- Cell bank characterization
- Protein characterization and stability
- Endotoxin analysis and residual organics
- Genetic characterization, molecular biology assays and residual DNA

- Virology, detection of adventitious agents, retroviruses, viral clearance, PCR assays
- Detection of replication competent viruses for vaccines and gene therapies
- Mycoplasma
- Lot release for safety, purity, and potency

Fairfax Identity Laboratory (FIL), a Division of CBI

Paternity Testing

- Accredited by the American Association of Blood Banks
- Paternity testing is done using PCR-based technologies in a state-of-the-art facility using cutting edge equipment.
- Contract and private paternity cases.
- Immigration Paternity Testing

CODIS and Forensics Services

- NFSTC accreditation,
- DNA analysis on convicted offender samples, active forensic cases, criminal paternity cases, post-conviction cases and backlogged cases.
- Screening of evidentiary forensic samples to confirm presence of semen or human blood prior to DNA analysis.
- Mitochondrial DNA typing analysis
- Y-chromosome STR Analysis
- Genetic and CODIS Identity Analyses
- Specimen Matching

Stockholder Matters

Market for Common Equity

The Company completed its initial public offering on October 28, 1997 at a price per share of $6.00. Since that time, the common stock has traded on the NASDAQ Capital Market ("NASDAQ"). The following table sets forth the range of high and low sales price per share of common stock for 2006 and 2005. These market quotations reflect inter-dealer prices, without retail mark-up, markdown, or commission and may not necessarily represent actual transactions.

Period	High Stock Price	Low Stock Price
1st Quarter, 2006	$ 4.99	$ 3.54
2nd Quarter, 2006	$ 3.63	$ 2.48
3rd Quarter, 2006	$ 2.99	$ 2.13
4th Quarter, 2006	$ 2.95	$ 1.98
1st Quarter, 2005	$ 6.26	$ 3.59
2nd Quarter, 2005	$ 4.78	$ 3.69
3rd Quarter, 2005	$ 5.79	$ 4.05
4th Quarter, 2005	$ 5.14	$ 3.80

On March 21, 2007, the last reported sales price for a share of the Company's Common Stock on NASDAQ was $1.96. As of March 21, 2007 there were 33 holders of record of the Company's Common stock and 943 beneficial holders.

The Company has not paid any cash dividends on its Common Stock. The Company intends to retain its earnings to finance the growth and development of its business and does not expect to declare or pay dividends in the foreseeable future. The declaration of dividends is within the discretion of the Company.

Selected Financial Data

Set forth below is selected financial data with respect to the Company for the years ended December 31, 2006, December 31, 2005, and December 31, 2004, which has been derived from the audited financial statements of the Company. The selected financial data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Conditions and Results of Operation."

For the Years Ended December 31,

	2006	2005	2004
Operational Data			
Revenues	**$ 6,532,482**	**$ 7,802,891**	**$ 5,748,704**
Net Income (loss)	$ (1,152,649)	$ 79,123	$ (367,549)
Net income (loss) per common share basic and diluted	$ (0.35)	$ 0.02	$ (0.12)
Weighted average common shares outstanding	3,281,360	3,229,243	3,001,682
Balance Sheet Data:			
Total Current Assets	$ 3,297,861	$ 4,276,348	$ 4,139,195
Total Assets	$ 9,501,958	$ 11,143,632	$ 11,003,008
Total Current Liabilities	$ 586,967	$ 1,120,522	$ 959,747
Total Liabilities	$ 4,373,036	$ 5,127,032	$ 5041,200
Total Stockholders' equity	$ 5,128,922	$ 6,016,600	$ 5,961,808

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

The following should be read in conjunction with "Selected Financial Data" and the Company's Audited Financial Statements and Notes thereto included herein.

Overview

CBI (The Company) is a solutions provider to the global biotechnology industry, academic institutions, government agencies, and pharmaceutical companies. It offers broad ranging expertise and a complete array of the most current analytical and synthetic chemistries and biophysical analysis technologies, many of which are not available from other commercial sources. The Company has crafted a stimulating, open environment where scientists collaborate among themselves and with our clients, take on interesting challenges and develop creative solutions. Through Fairfax Identity Labs (FIL), CBI offers comprehensive genetic identity testing, including paternity, forensic, and Convicted Offender DNA Index System ("CODIS") analyses. Through its Mimotopes subsidiary, CBI offers peptide libraries and research grade peptides and peptide therapeutics custom peptide synthesis.

CBI is a preferred provider of early development contract research. We facilitate strategic decisions to both short term and long term clients. CBI offers both Good Laboratory Practices (GLP and non-GLP) rated services, and accommodates all levels of service, from bench to production scale processes. The Company prides itself on its high throughput and fully integrated platform technologies, and over the years, has put in place numerous specialty labs, including Biosafety level 3 labs for bacteriology and virology, a DNA reference Lab, calorimetry and mass spectrometry labs, cell culture and fermentation labs, high throughput DNA sequence labs, and peptide synthesis labs.

CBI has the experience and expertise usually found in much larger contract research organizations ("CROs"). CBI has extensive experience in contract and program management work in both the government and private sectors and is well recognized for expertise in molecular genetics, mass spectrometry, peptide synthesis, DNA sequence analysis and reference lab work.

We are vigorously pursuing revenue opportunities in four principal focus areas: government contracts in bio-defense and vaccine development; laboratory support services for on-going clinical trials; comprehensive contract projects in the private sector; DNA reference lab activities; and now, custom peptide synthesis and peptide libraries.

The Company views commercial and government contracts as its most important sources of revenue. For this reason, CBI has moved away from the concept of "piece work" for individual investigators. Further, the Company emphasizes its creative solutions approach, rather than touting its large litany of individual technology offerings. CBI has entirely re-vamped its web page (www.cbi-biotech.com) and marketing materials to help clarify its potential role in solving its customer's problems and to better align its service offerings with industry expectations. With all its contracts, revenues are generally recognized as services are rendered or as products are delivered. In some instances, revenue is also recognized with performance-based installments payable over the contract as milestones are achieved.

Results of Operations

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005.

Revenues

Gross revenues decreased by $1,270,409 or 16.3% from $7,802,891 during the year ended December 31, 2005 ("2005") to $6,532,482 during the year ended December 31 2006 ("2006").

The Company experiences fluctuations in all revenue categories. Continuation of existing projects or engagement for future projects is usually dependent upon the customer's satisfaction with the scientific results provided in initial phases of the scientific program. Continuation of existing projects or engagement of future projects also often depends upon factors beyond the Company's control, such as the timing of product development and commercialization programs of the Company's customers. The Company is unable to predict for more than a few months in advance the volume and dollar amount of future projects. The combined impact of commencement and termination of research contracts from several large customers and unpredictable fluctuations in revenue for laboratory services can result in very large fluctuations in financial performance.

Revenues realized from various government contracts decreased by $1,191,841 or 28.2%, from $4,223,554 during 2005 to $3,031,713 during 2006. The decrease in government contract activities was primarily due to budget reversions which have pushed back the start dates of new contract work and to re-allocation of existing budget funds away from bio-defense into other areas.

Revenues realized from genetic identity decreased by $425,961 or 21.6%, from $1,968,090 during 2005 to $1,542,129 during 2006. This decrease is a result of one of the Company's client's down sizing of the client's forensic contract work and the elimination of a one time non renewable project.

Revenues realized from various commercial contracts increased by $283,245 or 47.8%, from $593,053 during 2005 to $876,298 during 2006. This increase is primarily due to (1) additional work from existing clients and (2) the addition of fifteen new clients that contributed approximately $238,000.

Revenues realized from various clinical services increased by $252,007 or 76.8%, from $328,272 during 2005 to $580,279 during 2006. This increase was primarily due to the ramp-up of clinical testing for one of the Company's principal clients. Unfortunately, in the second quarter of 2006 the Company was notified by one of its principal clients that two of their on-going clinical trials for which the Company provides the laboratory support activities were put on clinical hold pending issues to be resolved with the FDA. One of the trials re-commenced in December, 2006, but the second has been terminated.

Revenues realized from lab services decreased by $158,775 or 25.5%, from $623,473 during 2005 to $464,698 during 2006. This decrease is primarily due to the decrease in one-time piece work received from our clients.

Cost of Services

Cost of services consists primarily of materials, labor, subcontractor costs and overhead. The cost of services decreased by $122,632 or 0.02%, from $5,561,338 during 2005 to $5,438,706 during 2006. The cost of services as a percentage of revenue was 83.3% and 71.3% during 2006 and 2005, respectively.

Direct labor costs decreased by $114,142, or 6.1%, from $1,868,806 during 2005 to $1,754,664 during 2006. This decrease is primarily due to a decrease in work load during the period. The difference in labor is reflected in the overhead. The cost of direct labor as a percentage of revenue was 26.9% and 23.9% during 2006 and 2005, respectively.

The costs for direct materials decreased by $168,097, or 13.0%, from $1,292,943 during 2005, to $1,124,846 during 2006. Reduction in materials costs resulted from the decrease in revenues in 2006. This decrease is the direct result from negotiations with one of our major suppliers to establish an inventory system thus reducing excess costs in the ordering of reagents and materials. The cost of direct materials as a percentage of revenue was 17.2% and 16.6% during 2006 and 2005, respectively.

Overhead cost consists of indirect labor, amortization costs associated with the acquisition of Fairfax Identity Labs, depreciation, freight charges, repairs, travel and miscellaneous supplies not directly related to a particular project. Total overhead costs increased by $169,146 or 7.1%, from $2,390,050 during 2005 to $2,559,196 during 2006. Increases in overhead are due to additional costs in salaries and benefits charged to indirect labor and fringe benefits, recruitment fees, subcontract costs, maintenance and repairs and waste disposal and equipment purchases not falling under the capitalization policy of the Company.

Sales, General and Administrative

Sales, general and administrative expenses (“SGA”) consist primarily of compensation and related costs for administrative, facility expenditures, professional fees, consulting, taxes, and depreciation and marketing. Total SGA costs increased by $64,661 or 3.3%, from $1,988,515 during 2005 to $2,053,176 during 2006. As a percentage of revenue, these costs were 31.4% and 25.5% during 2006 and 2005, respectively.

Total compensation and benefits increased by $26,973 or 5.0% from $564,098 during 2005 to $537,125 during 2006. This increase is attributable to the accrual for the restricted stock compensation package for senior management as well as accrual for the issuance of incentive stock options which are now expensed by the Company. Facilities expense increased by $19,438 or 25.4%, from $76,495 during 2005 to $95,933 during 2006. This increase is primarily due to across the board increases in all categories associated with the operations of the facility. Professional fees increased by $9,232, or 3.4%, from $268,475 during 2005 to $277,707 during 2006. This increase is due to expenditures associated with additional legal requirements under Sarbanes-Oxly. Additional costs were due to rate increases in our general liability insurance. Taxes increased by $7,449 or 8.6% from $86,235 during 2005 to $93,684 during 2005. This is primarily due to additional rate increases in real estate taxes. Office expenses decreased by $32,217 or 20.5%, from $157,420 during 2005 to $125,203 during 2006. This decrease is primarily due to limited travel and reduction of equipment purchased associated with the Company’s capitalization policy. Other costs decreased by $31,477, or 34.7% from $90,825 during 2005 to $59,348 during 2006 primarily due to a successful negotiation with the Company’s bank to limit the cost of its fees charged to the Company, and a one-time corporate donation for the relief efforts related to hurricane Katrina made by the Company in 2005.

Marketing costs increased by $66,309 or 9.3%, from $716,347 during 2005 to $782,656 during 2006. With the exception of compensation expenses associated with the hiring of the new senior executive Vice President for Business Development, marketing costs remained relatively flat from the 2005 to 2006.

Other Income (Expenses)

Other income during the 2005 Period compared to the 2006 Period increased by $36,220 or 52.9% from $68,404 during 2005 to $104,624 during 2006. This increase represents interest earned from the Company's investments.

Other expenses increased by $55,554 or 22.9% from $242,319 during 2005 to $297,873 during 2006. Other expenses include interest expense paid in 2006 for the refinancing of the facility.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004.

Revenues

Gross revenues increased by $2,054,187 or 35.7% from $5,748,704 during the year ended December 31, 2004 ("2004") to $7,802,891 during the year ended December 31, 2005 ("2005").

The Company experiences fluctuations in all revenue categories. Continuation of existing projects or engagement for future projects is usually dependent upon the customer's satisfaction with the scientific results provided in initial phases of the scientific program. Continuation of existing projects or engagement of future projects also often depends upon factors beyond the Company's control, such as the timing of product development and commercialization programs of the Company's customers. The Company is unable to predict for more than a few months in advance the volume and dollar amount of future projects. The combined impact of commencement and termination of research contracts from several large customers and unpredictable fluctuations in revenue for laboratory services can result in very large fluctuations in financial performance.

Revenues realized from various government contracts increased by $140,290 or 3.4%, from $4,083,264 during 2004 to $4,223,554 during 2005. This increase was primarily due to the startup of additional work and continuation of additional contracts with the DynPort Company and various government entities during the year.

Revenues realized from genetic identity increased by $1,894,109 or 2,560.3%, from $73,981 during 2004 to $1,968,090 during 2005. This increase was primarily due to the Company acquiring Fairfax Identity Labs in December 2004.

Revenues realized from various commercial contracts decreased by $304,384 or 33.9%, from $897,437 during 2004 to $593,053 during 2005. This decrease is primarily due to (1) work being completed with two major clients and (2) increased focus in government contracts awarded to the Company. Of the $593,053 in commercial contracts, three major clients represented 15.6%, 14.7% and 14.2% respectively of the revenue earned during 2005. The Company will continue to work with these clients in 2006.

Revenues realized from various clinical services increased by $133,799 or 66.8%, from $194,473 during 2004 to $328,272 during 2005. This increase is a direct result of the startup of two major contracts in performing genetic identity analysis.

Cost of Services

Cost of services consists primarily of materials, labor, subcontractor costs and overhead. The cost of services increased by $1,793,060 or 47.6%, from $3,768,278 during 2004 to $5,561,338 during 2005. The cost of services as a percentage of revenue was 71.3% and 65.5% during 2005 and 2004, respectively.

Direct labor costs increased by $651,420, or 53.5%, from $1,217,386 during 2004 to $1,868,806 during 2005. This increase is a direct result of additional projects initialized during 2005 compared to 2004 as well as the hiring of additional lab support personnel and additional employees retained from the acquisition of FIL.

The costs for direct materials increased by $353,155, or 37.5%, from $939,788 during 2004, to $1,292,943 during 2005. This increase is directly attributable to additional projects in 2005 compared to 2004.

Overhead cost consists of indirect labor, amortization costs associated with the acquisition of Fairfax Identity Labs, depreciation, freight charges, repairs, travel and miscellaneous supplies not directly related to a particular project. Total overhead costs increased by $799,554 or 50.3%, from $1,590,496 during 2004 to $2,390,377 during 2005. Increased costs directly associated with the acquisition of FIL were amortization costs ($297,889), and postage ($98,450). Other increases included maintenance and repairs ($24,099), depreciation ($66,019), and utilities ($94,732).

Sales, General and Administrative

Sales, general and administrative expenses (“SGA”) consist primarily of compensation and related costs for administrative, facility expenditures, professional fees, consulting, taxes, and depreciation and marketing. Total SGA costs increased by $269,641, or 15.0%, from $1,718,874 during 2004 to $1,988,515 during 2005. As a percentage of revenue, these costs were 25.5% and 29.9% during 2005 and 2004, respectively.

Total compensation and benefits decreased by $18,962 or 3.5% from $546,525 during 2004 to $527,563 during 2005. This decrease is primarily due to the allocation of corporate compensation charged to marketing. Depreciation expense increased by $13,467 or 14.4%, from $93,859 during 2004 to $107,326 during 2005. This increase is primarily due to additional administrative equipment needed to support the acquisition of FIL. Equipment repairs and leases increased by $12,282 or 16.6% from $73,953 during 2004 to $86,235 during 2005. This increase is a result of the additional leased equipment used to support the administrative staff. Professional fees decreased by $98,581, or 26.9%, from $367,056 during 2004 to $268,475 during 2005. This decrease is due to a reduction in consulting fees, which is primarily a result of one-time costs associated with the elimination of the Industrial Revenue Bonds that were charged in 2004. Taxes increased by $12,282 or 16.6% from $73,953 during 2004 to $86,235 during 2005. This increase is due to additional sales tax paid for materials purchased. Office expenses increased by $24,227 or 18.2%, from $133,193 during 2004 to

$157,420 during 2005. This increase is primarily due to additional costs associated with travel expenses for employees attending meetings with potential clients. Other costs decreased by $18,086, or 16.6% from $108,921 during 2004 to $90,825 during 2005. Decreases in this category were from expenses associated with the relocation of employees from the acquisition of Fairfax Identity Labs as well as increasing the allowance for potential write-offs in bad debt in 2004 that did not occur in 2005.

Marketing costs increased by $422,000 or 143.4%, from $294,347 during 2004 to $716,347 during 2005. This increase was primarily due to staff brought on by the FIL acquisition and the allocation of salaries and benefit costs to marketing ($371,657). Additional increases included consulting costs ($13,008), advertising ($11,108), public relations ($11,224) and trade shows ($16,612).

Other Income (Expenses)

Other income during the 2004 Period compared to the 2005 Period increased by $45,441 or 197.8% from $22,963 during 2004 to $68,404 during 2005. This increase represents interest earned from the Company's investments.

Other expenses decreased by $409,745 or 62.8% from $652,064 during 2004 to $242,319 during 2005. Other expenses include (1) interest expense paid in 2005 for the refinance of the facility with Branch Banking and Trust, and in 2004 (1) interest paid for the Company's IRBs; (2) prepayment penalty for the refinancing of the industrial revenue bonds to a variable rate mortgage and (3) write-off of remaining unamortized bond issuance costs.

Liquidity and Capital Resources

The 2006 Period reflected cash provided by operating activities of $77,074, as compared to cash provided by operating activities of $1,007,735 during the 2005 Period. This decrease was the result of the Company's net loss of $1,152,649 during 2006 and cash flow changes in the working capital accounts including a positive change in accounts receivable of $380,243. The 2006 Period reflected a use of cash from investing activities of $493,938, as compared to $479,658 during the 2005 Period. The increase reflects the timing of equipment purchased between periods, coupled with the acquisition costs associated with the purchase of Mimotopes Pty LTD that was completed in 2007. The 2006 Period reflected net cash used in financing activities of $489,895, as compared to net cash used in financing activities of $459,005 during the 2005 Period. This was due to the final payment for the purchase of Fairfax Identity Labs.

Net working capital as of December 31, 2006 and December 31, 2005 was $2,710,894 and $3,155,826 respectively. The current ratio for the 2006 Period is 5.62 as compared to 3.81 during the 2005 Period.

Critical Accounting Policies

A summary of the Company's accounting policies follows:

Estimates: The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Revenue Recognition: The Company recognizes revenue upon the completion of laboratory service projects, or upon the delivery and acceptance of biologically relevant materials that have been synthesized in accordance with project terms. Laboratory service projects are generally administered under fee for service contracts. Any revenues from research and development arrangements, including corporate contracts and research grants, are recognized pursuant to the terms of the related agreements as work is performed, or scientific milestones, if any are achieved. Amounts received in advance of the performance of services or acceptance of a milestone, are recorded as deferred revenue.

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

CBI has met the SEC and NASDAQ Corporate Governance Rules.

As a consequence of the Sarbanes-Oxley Act, the NASDAQ imposed certain changes in the rules of corporate governance which are aimed at strengthening its listing standards. The Securities and Exchange Commission (SEC) approved the rules imposed by NASDAQ which include:

- Independent Directors. CBI's Board is composed of 5 independent and 3 employee directors.
- The Independent Directors serve on the three principal committees; Audit, Compensation, and Nominations.
- The Independent Directors meet in executive session at each quarterly Board meeting.
- At least one Independent Director, Mr. Sam Sears, who serves on the Audit Committee, meets all of the requirements as defined by the SEC for being a "financial expert."
- The Audit Committee reviews and approves all related-party transactions. CBI has adapted a formal Corporate Code of Conduct. Copies are available on request from Dr. Paul D'Sylva, Chief Executive Officer, and on the Company's website at www.cbi-biotech.com.

Forward Looking Statements

Management has included herein certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used, statements that are not historical in nature, including the words “anticipated”, “estimate”, “should”, “expect”, “believe”, “intend”, and similar expressions are intended to identify forward-looking statements. Such statements are, by their nature, subject to certain risks and uncertainties.

Among the factors that could cause the actual results to differ materially from those projected are the following:

- business conditions and the general economy,
- the development and implementation of the Company’s long-term business goals,
- federal, state, and local regulatory environment,
- lack of demand for the Company’s services,
- the ability of the Company’s customers to perform services similar to those offered by the Company “in-house,”
- potential cost containment by the Company’s customers resulting in fewer research and development projects,
- the Company’s ability to receive accreditation to provide various services, including, but not limited to paternity testing, and
- the Company’s ability to hire and retain highly skilled employees,
- the Company’s ability to integrate the acquisition of Mimotopes Pty LTD.

Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected are detailed from time to time in reports filed by the company with the Securities and Exchange Commission, including Forms 8-K, 10-QSB, and 10-KSB.

Controls and Procedures

The Company’s Chief Executive Officer and Vice President for Financial Operations have concluded that the Company’s controls and other procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods as specified in the Commission’s rules and forms are effective, based upon their evaluation of these controls and procedures as of December 31, 2006.

There were no significant changes in the Company’s internal controls or in other factors that could significantly affect those controls subsequent to the date of this evaluation, including any corrective actions with regard to significant deficiencies and weaknesses.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders'
Commonwealth Biotechnologies
Richmond, Virginia

We have audited the accompanying balance sheets of Commonwealth Biotechnologies, Inc. as of December 31, 2006 and 2005 and the related statements of operations, stockholders' equity, and cash flows for the years then ended. 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 audits.

We conducted our audits 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 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Commonwealth Biotechnologies, Inc. at December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America

BDO Seidman, LLP

Richmond, Virginia
March 22, 2007

Commonwealth Biotechnologies, Inc.

Balance Sheets

December 31,	2006	2005
Assets		
Current assets (Note 2)		
Cash and cash equivalents	**$ 1,904,370**	$ 2,811,129
Accounts receivable, net of allowance for doubtful accounts of approximately **$54,678** and $89,913 (Note 5)	**962,049**	1,342,292
Prepaid expenses and other assets	**431,442**	122,927
Total current assets	**3,297,861**	4,276,348
Property and equipment, net (Note 1)	**5,612,145**	5,971,730
Other assets		
Mortgage costs (Note 2)	**65,285**	87,675
Intangible assets (Note 8)	**36,667**	317,879
Goodwill (Note 8)	**490,000**	490,000
Total other assets	**591,952**	895,554
	$ 9,501,958	$ 11,143,632

See accompanying summary of accounting policies and notes to financial statements.

Commonwealth Biotechnologies, Inc.

Balance Sheets
(continued)

December 31,	2006	2005
Liabilities and Stockholders' Equity		
Current liabilities		
Current maturities of long-term debt (Note 2)	**$ 228,545**	$ 512,729
Accounts payable and other current liabilities	**307,884**	406,370
Deferred compensation	**18,922**	126,830
Interest payable	**16,689**	16,689
Deferred revenue	**14,927**	57,904
Total current liabilities	**586,967**	1,120,522
Long-term debt, less current maturities (Notes 2)	**3,786,069**	4,006,510
Total liabilities	**4,373,036**	5,127,032
Commitments and contingencies (Notes 3 and 4)		
Stockholders' equity		
Common stock, no par value, 10,000,000 shares authorized, 2006 – 3,322,769; 2005 – 3,253,556, shares issued and outstanding (Note 7)	**—**	—
Additional paid-in capital	**15,823,614**	15,489,370
Restricted stock	**(301,000)**	(191,556)
Other comprehensive loss	**(8,104)**	(48,275)
Accumulated deficit	**(10,385,588)**	(9,232,939)
Total stockholders' equity	**5,128,922**	6,016,600
	$ 9,501,958	$11,143,632

See accompanying summary of accounting policies and notes to financial statements.

Commonwealth Biotechnologies, Inc.

Statements of Operations

Year Ended December 31,	2006	2005
Revenues (Note 5)		
Government contracts	**$ 3,031,713**	$ 4,223,554
Genetic identity	**1,542,129**	1,968,090
Commercial contracts	**876,298**	593,053
Clinical services	**580,279**	328,272
Laboratory services	**464,698**	623,473
Other revenue	**37,365**	66,449
Total revenues	**6,532,482**	7,802,891
Cost of services		
Overhead	**2,559,196**	2,390,050
Direct labor	**1,754,664**	1,868,806
Direct materials	**1,124,846**	1,292,943
Other direct costs	**—**	9,539
Total cost of services	**5,438,706**	5,561,338
Gross profit	**1,093,776**	2,241,553
Selling, general and administrative	**2,053,176**	1,988,515
Operating (loss) income	**(959,400)**	253,038
Other income (expense)		
Interest expense and financing costs	**(297,873)**	(242,319)
Other income	**104,624**	68,404
Total other income (expense)	**(193,249)**	(173,915)
Net Income/(loss)	**$ (1,152,649)**	$ 79,123
Income/(loss) per common share, basic and diluted	**$ (0.35)**	$ 0.02

See accompanying summary of accounting policies and notes to financial statements.

Commonwealth Biotechnologies, Inc.

Statements of Stockholders' Equity

	Number of Shares Outstanding	Additional Paid-in Capital	Restricted Stock	Other Comprehensive (Income)/Loss	Accumulated Deficit	Total
Balance, December 31, 2004	3,203,556	$ 15,273,870	$ —	$ —	$ (9,312,062)	$ 5,961,808
Restricted stock	50,000	215,500	(191,556)	—	—	23,944
Net income	—	—	—	—	79,123	79,123
Change in unrealized gain (loss) on interest rate swap	—	—	—	(48,275)	—	(48,275)
Total comprehensive income	—	—	—	—	—	30,848
Balance, December 31, 2005	3,253,556	15,489,370	(191,556)	(48,275)	(9,232,939)	6,016,600
Issuance of common stock and stock options exercised	16,585	22,834	—	—	—	22,834
Restricted stock	52,628	248,614	(109,444)		—	139,170
Stock option expense	—	62,796	—	—	—	62,796
Net loss	—	—	—	—	(1,152,649)	(1,152,649)
Change in unrealized gain (loss) on interest rate swap	—	—	—	40,171	—	40,171
Total comprehensive loss	—	—	—	—	—	(1,112,478)
Balance, December 31, 2006	**3,322,769**	**$ 15,823,614**	**$ (301,000)**	**$ (8,104)**	**$ (10,385,588)**	**$ 5,128,922**

See accompanying summary of accounting policies and notes to financial statements.

Commonwealth Biotechnologies, Inc.

Statements of Cash Flows

Year Ended December 31,	2006	2005
Operating activities		
Net income/(loss)	**$ (1,152,649)**	$ 79,123
Adjustments to reconcile net (loss)/income to cash provided by operating activities		
Depreciation and amortization	**899,891**	963,526
Stock based compensation	**101,634**	—
Changes in assets and liabilities		
Accounts receivable	**380,243**	(10,353)
Prepaid expenses and inventory	**(51,281)**	(57,706)
Accounts payable and accrued expenses	**(57,788)**	136,865
Deferred revenue	**(42,976)**	(103,698)
Cash provided by operating activities	**77,074**	1,007,757
Investing activities		
Purchase of Mimotopes	**(257,235)**	—
Purchases of property and equipment	**(236,703)**	(450,711)
Purchase of FIL, net	**—**	(28,947)
Cash used in investing activities	**(493,938)**	(479,658)
Financing activities		
Principal payments of debt obligations, FIL	**(300,000)**	(300,000)
Principal payments on debt obligations, including capital lease obligations	**(212,729)**	(157,634)
Increase in loan costs, net	**—**	(1,371)
Proceeds from issuance of common stock	**22,834**	—
Cash used in financing activities	**(489,895)**	(459,005)
Net increase (decrease) in cash and cash equivalents	**(906,759)**	69,094
Cash and cash equivalents, beginning of year	**2,811,129**	2,742,035
Cash and cash equivalents, end of year	**$ 1,904,370**	$ 2,811,129
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	**$ 297,873**	$ 248,175
Non cash investing and financing activities, purchase of equipment through a capitalized lease	**—**	$ 485,968

See accompanying summary of accounting policies and notes to financial statements.

Commonwealth Biotechnologies, Inc.

Summary of Significant Accounting Policies

Nature of Business

Commonwealth Biotechnologies, Inc., (the "Company"), was formed on September 30, 1992, for the purpose of providing specialized analytical laboratory services for the life scientist. As the Company matured, it re-focused its core business activities and now provides integrated contract research support in four principal areas; bio-defense; laboratory support services for on-going clinical trials; comprehensive contract projects in the private sector; and through it FIL division, for paternity testing, forensic case-work analysis and CODIS work. In each of these areas, the Company provides sophisticated macromolecular synthetic and analytical services, integrating individual platform technologies so as to provide a comprehensive approach to solving complex problems in life science research.

Estimates

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

Revenue Recognition

The Company recognizes revenue upon the completion of laboratory service projects, or upon the delivery and acceptance of biologically relevant materials that have been synthesized in accordance with project terms. Laboratory service projects are generally administered under fee-for-service contracts or purchase orders. Any revenues from research and development arrangements, including corporate contracts and research grants, are recognized pursuant to the terms of the related agreements as work is performed, or as scientific milestones, if any, are achieved. Amounts received in advance of the performance of services or acceptance of a milestone, are recorded as deferred revenue.

Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable through the estimated undiscounted future cash flows from the use of those assets. When any such impairment exists, the related assets will be written down to fair value. No impairment losses have been recorded through December 31, 2006.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. At times, the Company maintains cash balances in excess of FDIC insured amounts. As of December 31, 2006, the excess over the FDIC amount was approximately $1,800,000.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivable and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed principally by the straight-line method over the following estimated useful lives providing depreciation and amortization for financial reporting purposes. The cost of repairs and maintenance is expensed as incurred. The estimated useful lives of the assets are as follows:

	Years
Buildings	39.5
Laboratory and computer equipment	3 – 10
Furniture and fixtures and office equipment	7

Intangible assets

Intangible assets consist of a covenant not to compete, commercial contracts, listing of draw sites, listing of providers to assist in paternity testing and other related intangibles acquired in the purchase of Fairfax Identity Labs which are being amortized over 2 to 3 years.

Loan Costs

Loan costs are being amortized on a straight-line basis over the expected term of the mortgage.

Goodwill

Goodwill, which represents the excess of purchase price over fair value of net assets acquired, is evaluated at least annually for impairment by comparing its fair value with its recorded amount and is written down when appropriate. Projected net operating cash flows are compared to the carrying amount of the goodwill recorded and if the estimated net operating cash flows are less than the carrying amount, a loss is recognized to reduce the carrying amount to fair value. The goodwill as of December 31, 2006 is a result of the acquisition by the Company of Fairfax Identity Labs during 2004. There was no impairment of goodwill at December 31, 2006.

Income Taxes

Deferred taxes are provided on the asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Income/(Loss) Per Common Share

Basic income/(loss) per share has been computed on the basis of the weighted-average number of common shares outstanding. Common shares which can be issued upon exercise of stock options and warrants have not been included in the computation at December 31, 2006 and 2005 because their inclusion would have been antidilutive. Weighted average shares outstanding for basic and diluted loss per common share were 3,281,360 and 3,229,243 for the years ended December 31, 2006 and 2005, respectively.

Employee Stock Plans

The Company adopted a Stock Incentive Plan on June 24, 1997. The Plan provides for granting to employees, officers, directors, consultants and certain other non-employees of the Company options to purchase shares of common stock. A maximum of 410,000 shares of common stock may be issued pursuant to the Plan. Of the maximum number of shares to be issued under the Plan, 270,000 have been reserved for incentive awards to be granted to the founders of the Company, and 140,000 are reserved for incentive awards to be granted to others.

A 2000 Stock Incentive Plan was adopted by the Board of Directors and approved by the shareholders. The Plan makes up to 300,000 shares of common stock available for grants of restricted stock awards and stock options in the form of incentive stock options and non-qualified options to employees, directors and consultants of the Company.

A 2002 Stock Incentive Plan was adopted by the Board of Directors and approved by the shareholders. The Plan makes up to 600,000 shares of common stock available for grants of restricted stock awards and stock options in the form of incentive stock options and non-qualified options to employees, directors and consultants of the Company.

Incentive awards may be in the form of stock options, restricted stock, incentive stock or tax offset rights. In the case of incentive stock options (within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended), the exercise price will not be less than 100% of the fair market value of shares covered at the time of the grant, or 110% for incentive stock options granted to persons who own more than 10% of the Company's voting stock. Options granted under the Plans generally vest over a five-year period from the date of grant and are exercisable for ten years, except that the term may not exceed five years for incentive stock options granted to persons who own more than 10% of the Company's outstanding common stock.

Stock Based Compensation Plans

Beginning January 1, 2006, the Company adopted SFAS 123R, which recognizes share-based compensation expense for stock option grants. Prior to 2006, the Company applied Accounting Principles Bulletin (APB) Opinion 25, Accounting for Stock Issued to Employees, and related Interpretations to account for employee stock compensation plans, and accordingly did not recognize compensation expense for stock options granted when the option price is greater than or equal to the underlying stock price at the date of grant. The following table illustrates the effect of net income if the fair value based method per 123R had been applied to all outstanding grants for the year ended December 2005.

	2005
Net income	$ 79,123
As reported	
Proforma effect of recognizing stock-based compensation in accordance with FASB 123	(670,927)
Proforma net loss	$(591,804)
Basic and diluted income (loss) per common share	
As reported	0.02
Proforma effect of recognizing stock-based compensation in accordance with FASB 123	(0.18)
Proforma	$ (0.16)

Under FASB No. 123, the fair value of each stock option and warrant is estimated on the date of grant using the Black-Scholes option pricing model. The following weighted-average assumptions were used for grants in 2005: no dividend yield, expected volatility of 42%, risk-free interest rate of 4.39% and expected lives of 10 years. In 2005, the Company vested all outstanding options of employees, excluding certain members of senior management.

Fair Value of Financial Instruments

The Company has determined, based on available market information and appropriate valuation methodologies, that the fair value of its financial instruments approximates carrying value. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to the short-term maturity of the instruments. The carrying amount of debt approximates fair value because the interest rates under the credit agreement are predominantly variable, based on current market conditions.

Derivative Instruments and Hedging Activities

The Company uses interest rate swap agreements to manage variable interest rate exposure on the majority of its long-term debt. The Company's objective for holding these derivatives is to decrease the volatility of future cash flows associated with interest payments on its variable rate debt. The Company does not issue derivative instruments for trading purposes. The Company accounts for its interest rate swap agreements as cash flow hedges. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in "accumulated other comprehensive income or loss" on the consolidated balance sheets and subsequently reclassified to interest expense when the hedged exposure affects income (i.e. as interest expense accrues on the related outstanding debt). Differences between the amounts paid and amounts received under the swap agreements are recognized in interest expense.

Changes in the ineffective portion of the fair value of the derivative are accounted for through interest expense. The notional principal value of the Company's swap agreement outstanding as of December 31, 2006 is equal to the outstanding principal balance of the corresponding debt instrument.

New Accounting Pronouncements

In September 2006, the Securities and Exchange Commission (the "SEC") released Staff Accounting Bulletin No. 108 ("SAB 108"), which provides detail in the quantification and correction of financial statement misstatements. SAB 108 specifies that companies should apply a combination of the "rollover" and "iron curtain" methodologies when making determinations of materiality. The rollover method quantifies a misstatement based on the amount of the error originating in the current year income statement. The iron curtain approach quantifies misstatements based on the effects of correcting the misstatement existing in the balance sheet at the end of the current year, regardless of the year(s) of origination. SAB 108 instructs companies to quantify the misstatement under both methodologies and, if either method results in the determination of a material error, the Company must adjust its financial statements to correct the error. SAB 108 also reminds preparers that a change from an accounting principle that is not generally accepted to a principle that is generally accepted is a correction of an error. The Bulletin is effective for annual financial statements covering the first fiscal year ending after November 15, 2006. The adoption of this Bulletin did not have a material effect on the Company's financial condition or results of operations.

In February 2006, The FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments—an amendment of FASB Statements No. 133 and 140." This statement amends Statements No. 133 and 140 by: permitting fair value remeasurement for any hybrid financial instrument with an embedded derivative that otherwise would require bifurcation; clarifying which interest-only strips and principal-only strips are not subject to the requirements of Statement No. 133; establishing a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; clarifying that concentrations of credit risk in the form of subordination are not embedded derivatives; and amending Statement No. 140 to eliminate the prohibition on a qualifying special-purpose entity from

holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. The statement is effective for fiscal years beginning after September 15, 2006. The adoption of this standard is not anticipated to have a material impact on financial condition, results of operations or cash flows.

In July 2006, the FASB issued FASB Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement 109," which provides guidance on the measurement, recognition, and disclosure of tax positions taken or expected to be taken in a tax return. The interpretation also provides guidance on de-recognition, classification, interest and penalties, and disclosure. FIN 48 prescribes that a tax position should only be recognized if it is more-likely-than-not that the position will be sustained upon examination by the appropriate taxing authority. A tax position that meets this threshold is measured as the largest amount of benefit that is more likely than not (greater than 50 percent) realized upon ultimate settlement. The cumulative effect of applying FIN 48 is to be reported as an adjustment to the beginning balance of retained earnings in the period of adoption. FIN 48 is effective for fiscal years beginning after December 15, 2006. The adoption of this standard is not anticipated to have a material impact on financial condition, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS 157 establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements. While the Statement applies under other accounting pronouncements that require or permit fair value measurements, it does not require any new fair value measurements. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. In addition, the Statement establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Lastly, SFAS No. 157 requires additional disclosures for each interim and annual period separately for each major category of assets and liabilities. The Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Management does not expect the adoption of this Statement to have a material impact on the Company's financial statements.

In September 2006, the FASB issued SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R). This Statement improves financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This Statement also improves financial reporting by requiring an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. This statement is effective as of the end of the fiscal year ending after December 15, 2006. The adoption of this standard did not have an impact on the Company's financial statements.

In February 2007, the FASB issued SFAS 159 "The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115". This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments. This Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FASB Statement No. 157, Fair Value Measurements. The Company does not believe the adoption of this statement to have a material effect on the Company's financial statements.

1. Property and Equipment

Property and equipment consisted of the following:

December 31,	2006	2005
Land	**$ 403,919**	$ 403,919
Building	**5,206,637**	5,107,006
Laboratory equipment	**5,136,424**	5,043,837
Furniture, fixtures and office and computer equipment	**663,123**	618,638
	11,410,103	11,173,400
Less accumulated depreciation	**5,797,958**	5,201,670
	$ 5,612,145	$ 5,971,730

Depreciation expense was $595,289 and $666,106 for the years ended December 31, 2006 and 2005 respectively.

2. Long-Term Debt

Long-term debt consists of:

December 31,	2006	2005
Effective December 5, 2005, the Company renegotiated its mortgage rate on the mortgage loan from prime +0% to prime minus 0.25%. The loan will mature in November 2009; with estimated monthly payments of principal and interest of $32,351; collateralized by building and other assets of the Company. The Company also entered into a swap transfer agreement essentially locking the interest rate paid by the Company to 7.725%.	**$ 3,740,890**	$ 3,825,432
Note payable to Genetics & IVF Institute due in two installments of $300,000 on December 15, 2005 and December 15, 2006.	—	300,000
On January 20, 2005, the Company entered into a leasing agreement with Technology Leasing Concepts for leasing of two pieces of laboratory equipment. The monthly principal and interest payments are $11,378. Both leases are for a forty-eight month period.	**273,724**	393,807
	4,014,614	4,519,239
Less current maturities	**228,545**	512,729
	$ 3,786,069	$ 4,006,510

Scheduled maturities of long-term debt are as follows:

2007	$ 228,545
2008	238,979
2009	3,547,090
	$ 4,014,614

The mortgage includes certain restrictive covenants, which require the Company to maintain minimum levels of the current ratio, debt to net worth and cash flow ratios. At December 31, 2006, the Company was in violation of covenants related to cash flows, however, the Company was granted a waiver of the covenants by the bank.

3. Leasing Commitments

The Company leases equipment under non-cancelable operating leases. Total expense for the years ended December 31, 2006 and 2005 was $42,394 and $28,636, respectively. Both leases are secured by a forty-eight month period and secured by the equipment. Future minimum rental commitments under operating leases as of December 31, 2006 are as follows:

2007	$43,237
2008	41,735
2009	12,608
2010	21
	$97,601

4. Retirement Plan

The Company maintains a 401(k) Plan (the "Plan") which covers substantially all employees. Under the Plan, employees may elect to defer a portion of their salary, up to the maximum allowed by law, and the Company can elect to match the contribution up to 1% of the employee's contribution. Company contributions in 2006 and 2005 were $22,285 and $18,367 respectively.

5. Major Customers

Revenues for the years ended December 31, 2006 and 2005 include revenues from five major customers in 2006 of approximately $2,634,177 or 40% and 2005 of approximately $3,534,004 or 45% of total revenues. Trade receivables due from these customers as of December 31, 2005 and 2004 were $399,698 and $775,079, respectively.

6. Income Taxes

The difference between expected income tax benefits and income tax benefits recorded in the financial statements is explained below:

Year Ended December 31,	2006	2005
Income taxes (benefit) computed at 34% statutory rate	**$(391,800)**	$ 26,900
State income tax benefit, net	**(58,000)**	4,000
Change in valuation allowance	**464,000**	7,500
Other	**(14,200)**	(38,400)
	$ —	$ —

The significant components of deferred income tax assets and liabilities consist of the following:

December 31,	2006	2005
Deferred tax assets		
Net operating loss carryforward	**$ 3,948,000**	$ 3,626,000
Research and development credit carryforward	**52,600**	52,600
Deferred compensation	**—**	—
Intangibles	179,000	102,700
Interest rate swap	8,100	48,200
Allowance for doubtful accounts	20,800	34,200
Stock based compensation	38,600	—
Other	**8,300**	11,600
	4,255,400	3,875,300
Deferred tax liabilities		
Tax depreciation in excess of book depreciation	**218,400**	302,300
Net deferred tax asset before valuation allowance	**4,037,000**	3,573,000
Less valuation allowance	**4,037,000**	3,573,000
	$ —	**$ —**

Operating loss carryforwards at December 31, 2006 of approximately $10,390,000 may be used to offset future taxable income and expire in various years through 2023. The Company also has research and development credit carryforwards at December 31, 2006 of approximately $53,000 that expire in various years through 2020.

7. Stock Compensation

In addition to employee stock option awards, the Company has reserved an aggregate of 57,811 shares of common stock for issuance upon exercise, management warrants (71,053), warrants issued in connection with the 2002 private placement (34,445) and in 2004 the private investment in a public entity (124,000).

Stock option transactions are summarized as follows:

	2006	Weighted Average Exercise Price	2005	Weighted Average Exercise Price
Options and warrants outstanding, beginning of year	**987,419**	**$ 5.93**	889,598	$ 5.01
Granted	**—**	**—**	286,521	6.47
Exercised	**(16,585)**	**1.53**	—	—
Expired	**(39,109)**	**4.41**	(188,700)	6.45
Options and warrants outstanding, end of year	**931,725**	**$ 6.07**	987,419	$ 5.60
Options and warrants exercisable, end of year	**888,584**	**$ 6.13**	916,331	$ 6.01
Weighted-average fair value per option and warrants for options and warrants granted during the year		—		$ 2.35

Weighted average fair value of options expired during 2006 was $3.12, and the fair value of options outstanding at December 31, 2006 was $2.51.

The following table summarizes information about stock options and warrants outstanding at December 31, 2006:

	Outstanding			Exercisable	
Exercise Prices Per Share	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price Per Share	Number Exercisable	Weighted Average Exercise Price Per Share
$0.90 – 2.00	**65,186**	**8**	**$ 1.14**	65,186	$ 1.14
$2.01 – 5.49	**389,967**	**7**	**4.23**	356,826	4.20
$5.50 – 7.00	**120,213**	**3**	**5.98**	110,213	5.97
$7.01 – 9.49	**139,000**	**6**	**7.56**	139,000	7.56
$9.50 – 12.50	**217,359**	**4**	**9.95**	217,359	9.95
$0.90 – 12.50	**931,725**		**$ 6.07**	888,584	$ 6.13

8. Purchase of Mimotopes

In February 2007, the Company acquired all outstanding shares of Mimotopes Pty Ltd, an Australian limited company by issuing 2,150,000 shares of its common stock to PharmAust Chemistry Ltd, an Australian limited company. The issuance of the shares amounts to approximately 39.5% of the Company's outstanding shares. The Company incurred approximately $257,000 of acquisition costs through December 31, 2006 which are included in the assets on the accompanying balance sheets.

Mimotopes, established in 1989 and headquartered in Melbourne, Australia, is a global leader in the development of research-grade peptides for biological and pharmaceutical applications. Mimotopes' extensive experience and in depth know-how of its highly trained staff, as well as numerous patented and proprietary technologies in solid phase synthesis have made it one of the global leaders in its field. At present, Mimotopes is focused on the fast-growing market for research grade peptides and peptide therapeutics. The entire administration and laboratory operations for Mimotopes are in Clayton, Australia, located about 40km from Melbourne. Mimotopes has sales offices in the United States (Raleigh, NC, Minneapolis, MN, and San Diego, CA), the UK (Wirral), and Australia (Melbourne). It also has distribution channels in Europe and Japan.

Corporate Information

Corporate Office

Commonwealth Biotechnologies, Inc.

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E-mail: info@cbi-biotech.com
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Mimotopes Pty, Ltd.

11 Duerdin St
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Richmond, VA 23219

Patent Counsel

Burns Doan Swecker and Mathis, LLP
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Alexandria, VA 22314

Transfer Agent and Registrar

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350 Indiana St.
Golden, CO 80401

Independent Auditors

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300 Arboretum Place
Suite 520
Richmond, VA 23236

Executive Officers

Richard J. Freer, Ph.D.
Chairman of the Board; COO

Paul D'Sylva, Ph.D.
Chief Executive Officer

Robert B. Harris, Ph.D.
President

Thomas R. Reynolds
Executive Vice President,
Science and Technology; Secretary

James H. Brennan, MBA
Vice President, Financial Operations

Directors of the Company

Richard J. Freer, Ph.D.
Chairman of the Board; COO

Paul D'Sylva, Ph.D.
Chief Executive Officer

Robert B. Harris, Ph.D.
President

Thomas R. Reynolds
Executive Vice President
Science and Technology; Secretary

Samuel P. Sears, Jr., Esq.
Attorney at Law

Daniel O. Hayden
Senior VP & General Mgr,
Genzyme Corp., Pharmaceuticals Division

James Causey
VP, Consumer Industry Magazines
Trader Publications

Donald A. McAfee, Ph.D.
VP New Product Development
Cardiome Pharma Corp

Gerald P. Krueger, Ph.D., CPE
Director, Human Factors and Ergonomics
The Wexford Group International

Exhibit 23.1

CONSENT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTANT FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-51074) and S-3 (No. 333-51078) of Commonwealth Biotechnologies, Inc. of our report dated March 22, 2007, relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated by reference in this Form 10-KSB.

/s/ BDO Seidman, LLP

BDO Seidman, LLP

Richmond, Virginia
March 29, 2007

Exhibit 31.1

CERTIFICATION

I, Robert B. Harris, Ph.D., certify that:

(1) I have reviewed this Annual Report on Form 10-KSB of Commonwealth Biotechnologies, Inc.;

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

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

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

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: March 30, 2007

/s/ Robert B. Harris, Ph.D.
Robert B. Harris, Ph.D.
President

Exhibit 31.2

CERTIFICATION

I, James H. Brennan, certify that:

(1) I have reviewed this Annual Report on Form 10-KSB of Commonwealth Biotechnologies, Inc.;

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

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

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

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

(d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent year end annual report that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

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

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

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

Date: March 30, 2007

/s/ James H. Brennan
James H. Brennan
Vice President Financial Operations

Exhibit 32.1

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

In connection with the Annual Report of Commonwealth Biotechnologies, Inc. (the "Company") on Form 10-KSB for the period ending December 31, 2006 as filed with the Securities and Exchange Commission on March 30, 2007 (the "Report"), I, Robert B. Harris, Ph.D., President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act of 1934; and

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

March 30, 2007

/s/ Robert B. Harris, Ph.D.
Robert B. Harris, Ph.D.
President

Exhibit 32.2

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

In connection with the Quarterly Report of Commonwealth Biotechnologies, Inc. (the "Company") on Form 10-KSB for the period ending December 31, 2007 as filed with the Securities and Exchange Commission on March 30, 2007 (the "Report"), I, James H. Brennan, Vice President Financial Operations of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act of 1934; and

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

March 30, 2007

/s/ James H. Brennan
James H. Brennan
Vice President Financial Operations