

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2012

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

For the transition period from _____ to _____

Commission file number: 001-13467

COMMONWEALTH BIOTECHNOLOGIES, INC.

(Exact name of small business issuer as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

54-1641133
(I.R.S. Employer
Identification No.)

718 Grove Road
Midlothian, VA 23114
(Address of principal executive offices)

(804) 464-1601
(Issuer's telephone number)

601 Biotech Drive
Richmond, VA 23235
(Former address of principal executive offices)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

As of May 15, 2012, 12,660,504 shares of common stock, no par value per share, of the registrant were outstanding.

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COMMONWEALTH BIOTECHNOLOGIES, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Commonwealth Biotechnologies, Inc.
Condensed Balance Sheets

	March 31, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,249,317	\$ 1,321,968
Investments	527	527
Accounts receivable, net	—	—
Other current assets	52,648	53,735
Total current assets	<u>1,302,492</u>	<u>1,376,230</u>
Property and Equipment, net	—	—
Total Assets	<u>\$ 1,302,492</u>	<u>\$ 1,376,230</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Liabilities Not Subject to Compromise		
Current Liabilities		
Accounts payable	\$ 360,696	\$ 374,245
Accrued payroll liabilities	181,405	165,904
Total current liabilities	<u>542,101</u>	<u>540,149</u>
Total Liabilities Not Subject to Compromise	<u>542,101</u>	<u>540,149</u>
Liabilities Subject to Compromise		
Debt plus accrued interest	679,167	666,667
Priority claims	35,175	35,175
Accounts payable and other unsecured creditors	473,776	448,453
Other liabilities	51,000	54,936
Total Liabilities Subject to Compromise	<u>1,239,118</u>	<u>1,205,231</u>
Total Liabilities	<u>1,781,219</u>	<u>1,745,380</u>
Commitments, and contingencies	—	—
Stockholders' equity (deficit)		
Preferred stock, no par value, 1,000,000 shares authorized - none outstanding	—	—
Common stock, no par value, 100,000,000 shares authorized; 2012 and 2011 - 12,660,504 issued and outstanding	—	—
Additional paid-in-capital	26,229,815	26,229,815
Restricted stock	—	—
Other comprehensive income	—	—
Accumulated deficit	<u>(26,708,542)</u>	<u>(26,598,965)</u>
Total stockholders' equity (deficit)	<u>(478,727)</u>	<u>(369,150)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 1,302,492</u>	<u>\$ 1,376,230</u>

See accompanying summary of accounting policy and notes to financial statements

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Commonwealth Biotechnologies, Inc.
Condensed Statement of Operations

	Three Months Ended March 31,	
	2012	2011
	(Unaudited)	
Revenues	\$ —	\$ —
Total revenues	—	—
Operating costs and expenses		
Chapter 11 expenses	1,625	20,000
General and administrative	103,408	217,510
Total Operating Costs and Expenses	105,033	237,510
Operating loss	(105,033)	(237,510)
Other income (expense)		
Interest expense	(12,500)	(67,636)
Rental income	—	148,495
Other income	7,956	—
Total other income (expense)	(4,544)	80,859
Loss from continuing operations	(109,577)	(156,651)
Income from operating discontinued operations	—	76,091
Total income from discontinued operations	—	76,091
Net loss	\$ (109,577)	\$ (80,560)
Basic and diluted loss per common share from continued operations	\$ (0.01)	\$ (0.01)
Basic and diluted income (loss) per common share from discontinued operation	\$ —	\$ —
Basic and diluted loss per common share after discontinued operation	\$ (0.01)	\$ (0.01)

See accompanying summary of accounting policy and notes to financial statements

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COMMWEALTH BIOTECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2012	2011
	(Unaudited)	
Cash flows from operating activities:		
Net loss	\$ (109,577)	\$ (80,560)
Adjustments to reconcile net loss to net cash used in operating activities:		
Intercompany loans	—	(603)
Income from discontinued operations	—	(76,091)
Depreciation and amortization	—	39,968
Expenses satisfied with the issuance of stock	—	35,000
Changes in:		
Prepaid expenses and inventory	1,087	2,286
Accounts payable and other current liabilities	35,839	85,115
Net cash provided by (used in) operating activities	<u>(72,651)</u>	<u>5,115</u>
Cash flows from investing activities	<u>—</u>	<u>—</u>
Cash flows from financing activities:		
Principal payments on long term debt	—	(48,961)
Net cash used in financing activities	<u>—</u>	<u>(48,961)</u>
Net decrease in cash and cash equivalents	<u>(72,651)</u>	<u>(43,846)</u>
Cash and cash equivalents, beginning of period	<u>1,321,968</u>	<u>99,912</u>
Cash and cash equivalents, end of period	<u>\$ 1,249,317</u>	<u>\$ 56,066</u>
Supplemental disclosure of cash flow information		
Cash payments for interest	\$ —	\$ 31,700
Non-cash investing and financing activities		
Expenses satisfied through the issuance of stock	\$ —	\$ 35,000
Prepaid expenses satisfied through the issuance of note payable	\$ —	\$ 23,904

See accompanying notes to financial statements

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NOTE 1. GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis which contemplates realization of assets and satisfaction of liabilities in the normal course of business. If the Company is unable to improve operating results and meet its debt obligations, it may have to cease operations. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

On January 20, 2011, the Registrant filed a voluntary petition in the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") seeking relief under the provisions of Chapter 11 of Title 11 of the United States Code. On April 7, 2011, the Bankruptcy Court approved the private sale of Mimotopes for a net sales price of \$850,000. The sale closed on April 29, 2011. Currently, the Company has no operating units or subsidiaries. In December 2011, the Bankruptcy court approved the sale (the "Building Sale") at auction of land, office and laboratory space located at 601 Biotech Drive in Chesterfield County, Virginia. The sale closed on December 29, 2011 for a gross sales price of \$3,800,000. After the payoff of the related mortgage and payment of other selling related costs, net proceeds to the Company were approximately \$1,369,000. The Company plans to use the net proceeds from this sale to payoff a significant portion of unsecured creditors and to fund operations.

Total losses for the Company were \$109,577 and \$80,560 for the quarters ended March 31, 2012 (the "2012 Quarter") and 2011 (the "2011 Quarter"), respectively. This change was primarily due to the loss of rental income resulting from the Building Sale in December 2011 and the loss of operating income resulting from the sale of Mimotopes in April 2011. In addition, as a result of these sales, the Company has no operating units or subsidiaries and no source of current revenue.

The Company generated negative cash flows of \$72,651 and \$43,846 in the 2012 Quarter and 2011 Quarter, respectively. Net working capital as of March 31, 2012 and December 31, 2011 was approximately \$843,000 and \$836,000, respectively.

The Company had \$1,249,317 and \$1,321,968 in cash and cash equivalents at March 31, 2012 and December 31, 2011, respectively.

Cash provided by (used in) operating activities was \$(72,651) and \$5,115 in the 2012 and 2011 Quarters, respectively.

The Company did not have any investing activities during the 2012 Quarter or 2011 Quarter.

Cash used by financing activities for the 2012 and 2011 Quarters was \$0 and \$48,961, respectively. Cash used by financing activities in the 2011 Quarter consisted solely of principal payments on debt.

In addition, the Company is actively seeking to execute a merger and acquisition ("M&A") transaction with a private Company seeking access to the public financial markets.

A continued lack of adequate cash resulting from the Company's inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business.

There can be no assurance that any funds required during the next twelve months or thereafter can be generated from operations. Nor can there be any assurance that funds will be available from external sources, such as debt or equity financing or other potential sources, if they cannot be generated internally. Lastly, there can be no assurance that the Company will be able to secure a suitable merger partner.

During the last year, the Company's business has undergone substantial changes in relation to size, scale and scope of activities. Now that the sale of Mimotopes is complete, the Company has no operating units or subsidiaries.

As a result of the foregoing circumstances, there is substantial doubt about the Company's ability to continue as a going concern. The financial statements included herein do not include any adjustments relating to the recoverability or classification of asset carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

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The Company's independent auditors have included a paragraph emphasizing "going concern" in their report on the 2011 financial statements. The financial statements included herein do not include any adjustments relating to the recoverability or classification of asset carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business

Commonwealth Biotechnologies, Inc. (the "Company" or "CBI") was a specialized life sciences outsourcing business that offered cutting-edge expertise and a complete array of Peptide-based discovery chemistry and biology products and services through Mimotopes Pty Limited ("Mimotopes"), a wholly-owned subsidiary of CBI. Through November 2, 2009, CBI also provided services through CBI Services and Fairfax Identity Laboratories ("FIL"), two divisions that were sold to Bostwick Laboratories, Inc. ("Bostwick") effective November 2, 2009.

On January 20, 2011, the Registrant filed a voluntary petition in the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") seeking relief under the provisions of Chapter 11 of Title 11 of the United States Code. On April 7, 2011, the Bankruptcy Court approved the private sale of Mimotopes for a net sales price of \$850,000. The sale closed on April 29, 2011. Currently, the Company has no operating units or subsidiaries.

In December 2011, the Bankruptcy court approved the sale (the "Building Sale") at auction of land, office and laboratory space located at 601 Biotech Drive in Chesterfield County, Virginia. The sale closed on December 29, 2011 for a gross sales price of \$3,800,000. After the payoff of the related mortgage and payment of other selling related costs, net proceeds to the Company were approximately \$1,369,000. The Company plans to use the net proceeds from this sale to payoff a significant portion of unsecured creditors and to fund operations.

In addition, the Company is actively seeking to execute a merger and acquisition ("M&A") transaction with a private Company seeking access to the public financial markets.

Consolidation Policy

The consolidated financial statements include the accounts of CBI and its wholly owned subsidiary, Mimotopes Pty Ltd, Australia. All inter-company accounts and transactions have been eliminated in consolidation.

On April 7, 2011, the Bankruptcy Court approved the private sale of Mimotopes for a net sales price of \$850,000. The sale closed on April 29, 2011. Consequently, Mimotopes was deconsolidated during the second quarter of 2011.

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

Rental income was recognized when earned in accordance with the terms of the lease agreement.

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Foreign Currency Translation

The Company's consolidated financial statements are reported in U.S. dollars. Assets and liabilities of foreign subsidiaries are translated using rates of exchange as of the balance sheet dates, and related revenues and expenses are translated at average rates of exchange in effect during the periods. Cumulative translation adjustments have been recorded as a separate component within accumulated other comprehensive income (loss) of stockholders' equity. Realized gains and losses from foreign currency translations are included in other income (expense).

Fair Value Measurements

On January 1, 2008, the Company adopted FASB ASC 820, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. FASB ASC 820 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances. The adoption of FASB ASC 820 did not have a material effect on the carrying values of the Company's assets.

FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

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.

Accounts Receivable

The majority of our accounts receivable are due from trade customers. Credit is extended based on evaluation of our customers' financial condition and collateral is not required. Accounts receivable payment terms vary and are stated in the financial statements at amounts due from customers net of an allowance for doubtful accounts. Accounts that are outstanding longer than the payment terms are considered past due. We determine our allowance by considering a number of factors, including the length of time trade accounts receivable are past due, our previous loss history, customers' current ability to pay their obligations to us, the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed principally by the straight-line method over their 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, fixtures and office equipment	7

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Assets under capital lease obligations are recorded at the lesser of the present value of the minimum lease payments or the fair market value of the leased asset, at inception of the lease.

Impairment of Long-Lived Assets

The Company reviews and accounts for the impairment of long-lived assets other than goodwill, including property and equipment and certain other noncurrent assets in accordance with ASC 360-35, "Accounting for the Impairment or Disposal of Long-Lived Assets". Long-lived assets besides goodwill are reviewed for impairment when events or changes in circumstances indicate the carrying value of an asset may not be recoverable. For long-lived assets other than goodwill that are to be held and used in operations, an impairment is indicated when the estimated total undiscounted cash flow associated with the asset or group of assets is less than carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value.

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.

FASB Accounting Standards Codification 740, Accounting for Uncertainty in Income Taxes, prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. The Company's Management has evaluated the impact of this guidance to its consolidated financial statements. Management is not aware of any material uncertain tax positions, and has not accrued the effect of any uncertain tax positions as of December 31, 2011 and 2010. The Company's tax returns are subject to examination by the taxing authorities, generally for a period of three years from the date they are filed. With few exceptions, the Company is no longer subject to income tax examinations by federal, state or local tax authorities for years before 2008. The Company's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

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 because their inclusion would have been anti-dilutive. Weighted average shares outstanding for basic and diluted loss per common share were 12,660,504 and 10,873,699 for the three months ended March 31, 2012 and 2011, respectively.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

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. This plan has expired and no additional shares may be issued.

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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. This plan has expired and no additional shares may be issued.

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.

A 2007 Stock Incentive Plan was adopted by the Board of Directors and approved by the shareholders. The Plan makes up to 1,000,000 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 2009 Stock Incentive Plan was adopted by the Board of Directors and approved by the shareholders. The Plan makes up to 1,000,000 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.

New Accounting Pronouncements

In June 2011, the FASB published ASU 2011-05, "Comprehensive Income (Topic 220), Presentation of Comprehensive Income" (ASU 2011-05), which has the objective of improving the comparability, consistency, and transparency of financial reporting and increasing the prominence of items reported in other comprehensive income. As part of ASU 2011-05, the FASB decided to eliminate the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity, among other amendments in this ASU. The amendments require that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The amendments in this ASU are to be effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and the amendments are to be applied retrospectively. In December 2011, with the issuance of ASU 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in Accounting Standard Update No. 2011-05," the FASB announced that it has deferred certain aspects of ASU 2011-05. The adoption of the accounting and disclosure requirements of this ASU did not have a material impact on the Company's financial statements

In May 2011, the FASB published ASU 2011-04, "Fair Value Measurement (Topic 820) – Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs," whereby the FASB and the International Accounting Standards Board (IASB) aligned their definitions of fair value such that their fair value measurement and disclosure requirements are the same (except for minor differences in wording and style). The Boards concluded that the amendments in this ASU will improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS. The amendments in this ASU are effective during interim and annual periods beginning after December 15, 2011, and are to be applied prospectively. The adoption of the accounting and disclosure requirements of this ASU did not have a significant impact on the Company's financial statements.

NOTE 3. CHAPTER 11 INFORMATION

On January 20, 2011, the Registrant filed a voluntary petition in the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") seeking relief under the provisions of Chapter 11 of Title 11 of the United States Code. On April 7, 2011, the Bankruptcy Court approved the private sale of Mimotopes for a net sales price of \$850,000. The sale closed on April 29, 2011. Net proceeds received by the Company were approximately \$106,000.

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In December 2011, the Bankruptcy court approved the sale (the “Building Sale”) at auction of land, office and laboratory space located at 601 Biotech Drive in Chesterfield County, Virginia. The sale closed on December 29, 2011 for a gross sales price of \$3,800,000. After the payoff of the related mortgage and payment of other selling related costs, net proceeds to the Company were approximately \$1,369,000.

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Debtor-in-Possession Balance Sheet at March 31, 2012 is as follows:

Commonwealth Biotechnologies, Inc.
Debtor-in-Possession Balance Sheet
As of March 31, 2012

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,249,317
Investments	527
Accounts receivable, net	—
Other current assets	52,648
Total current assets	<u>1,302,492</u>
Property and Equipment, net	—
Total Assets	<u>\$ 1,302,492</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	
Liabilities Not Subject to Compromise	
Current Liabilities	
Accounts payable	\$ 360,696
Accrued payroll liabilities	181,405
Total current liabilities	<u>542,101</u>
Total Liabilities Not Subject to Compromise	<u>542,101</u>
Liabilities Subject to Compromise	
Debt plus accrued interest	679,167
Priority claims	35,175
Accounts payable and other unsecured creditors	473,776
Other liabilities	51,000
Total Liabilities Subject to Compromise	<u>1,239,118</u>
Total Liabilities	<u>1,781,219</u>
Commitments and contingencies	—
Stockholders' equity (deficit)	
Prepetition stockholders' equity	4,682,078
Postpetition issuance of restricted stock and options	75,625
Postpetition accumulated deficit	<u>(5,236,430)</u>
Total stockholders' equity (deficit)	<u>(478,727)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 1,302,492</u>

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Debtor-in-Possession Statements of Operations are as follows:

Commonwealth Biotechnologies, Inc.
Debtor-in-Possession Statement of Operations

	Three Months Ended March 31, 2012	January 20, 2011 to March 31, 2011
Revenues	\$ —	\$ —
Total revenues	—	—
Operating costs and expenses		
Chapter 11 expenses	1,625	—
General and administrative	103,408	101,906
Total Operating Costs and Expenses	105,033	101,906
Operating loss	(105,033)	(101,906)
Other income (expense)		
Interest expense	(12,500)	(48,026)
Rental income	—	98,997
Other income	7,956	—
Total other income (expense)	(4,544)	50,971
Postpetition loss	\$ (109,577)	\$ (50,935)

NOTE 4. STOCK OPTIONS

Stock-Based Compensation Plans - Stock-based compensation expense recognized during a period is based on the value of the portion of stock-based awards that is ultimately expected to vest during the period. Stock-based compensation expense recognized in the three months ended March 31, 2011 included compensation expense for stock-based awards granted prior to, but not yet exercised as of December 31, 2010, based on the fair value on the grant date.

No stock-based compensation expense related to employee stock options recognized under ASC 718 was recognized for the three months ended March 31, 2012 and 2011. As of March 31, 2012 total unamortized stock-based compensation cost related to non-vested stock awards was \$0.

The total intrinsic value of stock awards (which is the amount by which the stock price exceeded the exercise price of the options on the date of exercise) exercised during the three month period ended March 31, 2012 was \$0. During the three months ended March 31, 2012, the Company did not receive cash from the exercise of stock awards.

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The following tables set forth fair value per share information, including related weighted-average assumptions, used to determine compensation cost for our stock awards consistent with the requirements of ASC 718 for the three month periods ending March 31, 2012 and 2011.

	Three Months Ended March 31, 2012	Weighted Average Exercise Price	Three Months Ended March 31, 2011	Weighted Average Exercise Price
Options and warrants outstanding, beginning of period	645,443	\$ 1.16	433,012	\$ 4.48
Granted	—	—	—	—
Exercised	—	—	—	—
Expired	—	—	—	—
Options and warrants outstanding, end of period	645,443	\$ 1.16	433,012	\$ 4.48
Options and warrants exercisable, end of period	645,443	\$ 1.16	433,012	\$ 4.48
Weighted-average fair value per option and warrants granted during the period		\$ —		\$ —

In conjunction with the PIPE Investors debt, the Company issued Class A warrants to purchase 975,000 shares of common stock at an exercise price of \$2.85 per share that expire in May 2013. The fair value of the Class A warrants is \$1.79 per share. The fair value of the Class A warrants is calculated using the Black-Scholes method. Assumptions for Class A warrants include the stock asset price at \$2.55 and a stock option price of \$2.85 with a maturity date of 5 years and effective interest rate of 3.40%. The Company also issued Class B warrants to purchase 243,000 shares of common stock at an exercise price of \$5.00 per share. The fair value of the Class B warrants is \$0.36 per share. The fair value of the Class B warrants is calculated using the Black-Scholes method.

On September 18, 2008, the Company entered into a modification, waiver and acknowledgement agreement with LH Financial for the convertible debt listed above. Under the modified Agreement, the exercise price of the Class A Warrants was reduced from \$2.85 to \$0.71 per common share. The fair value of the Class A warrants is \$0.74 per share. The fair value of the Class A warrants is calculated using the Black-Scholes method. The exercise price of the Class B Warrants was reduced from \$5.00 to \$1.01 per common share. The fair value of the Class B warrants is \$0.13 per share. The fair value of the Class B warrants is calculated using the Black-Scholes method.

The Class A Warrants expire on May 31, 2013. The Class B Warrants expired on December 31, 2009.

Reduction in the exercise price to \$0.50 per common share was approved at the 2009 annual meeting of shareholders.

NOTE 5. LOSS PER SHARE

The Company follows the guidance provided in the ASC Topic 260, which establishes standards for computing and presenting earnings per share and applies to entities with publicly held common stock or potential common stock. Basic earnings (loss) per common share are computed by dividing the net earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted per share amounts assume the conversion, exercise or issuance of all potential common stock instruments such as warrants and convertible securities, unless the effect is to reduce a loss or increase earnings per share.

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	Three Months Ended	
	March 31,	
	2012	2011
<i>Basic and diluted loss per share:</i>		
Loss from continuing operations	\$ (109,577)	\$ (156,651)
Income from discontinued operations	—	76,091
Net loss	\$ (109,577)	\$ (80,560)
Basic and diluted loss per common share from continued operations	\$ (0.01)	\$ (0.01)
Basic and diluted income per common share from discontinued operations	\$ —	\$ —
Basic and diluted loss per common share after discontinued operations	\$ (0.01)	\$ (0.01)
Weighted average share outstanding	12,660,554	10,873,699

NOTE 6. COMPREHENSIVE LOSS

The components of comprehensive loss, net of tax, for the three month periods ended March 31, 2012 and 2011 were as follows:

	Three Months Ended March 31,	
	2012	2011
Net Loss	\$ (109,577)	\$ (80,560)
FX Adjustments	—	(85)
Total Comprehensive Loss	\$ (109,577)	\$ (80,645)

NOTE 7. INCOME TAXES

The Company adopted the provisions of ASC 810-10 effective January 1, 2007. ASC810-10 provides a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. The Company did not have any unrecognized tax benefits and there was no effect on our financial condition or results of operations as a result of implementing ASC 810-10.

The Company files income tax returns in U.S. federal jurisdiction and the Commonwealth of Virginia. The Company is no longer subject to U.S. or state tax examinations for years before 2008. The Company does not believe there will be any material changes in its unrecognized tax positions over the next twelve months.

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NOTE 8. DEBT

PIPE Investors Agreement

On December 31, 2007 the Company issued \$1,950,000 of convertible debt in a subscription agreement between the Company and the PIPE Investors. The debt carries an interest rate of 10% annually and matured in July 31, 2009. Quarterly interest payments may be made in the form of either cash or common stock. The debt may be converted into shares of common stock at a conversion price of \$2.00 per share. In conjunction with the debt, the Company also issued Class A warrants to purchase 975,000 shares of common stock at an exercise price of \$2.85 per share that expire in May 2013.

The fair value of the Class A warrants is \$1.79 per share. The fair value of the Class A warrants is calculated using the Black-Scholes method. Assumptions for Class A warrants include the stock asset price at \$2.55 and a stock option price of \$2.85 with a maturity date of 5 years and effective interest rate of 3.40%. The Company also issued Class B warrants to purchase 243,750 shares of common stock at an exercise price of \$5.00 per share. The fair value of the Class B warrants is \$0.36 per share. The fair value of the Class B warrants is calculated using the Black-Scholes method. The debt carries a beneficial conversion feature, which along with the relative fair value of the warrants, resulted in a debt discount of \$1,950,000 which was recorded against the convertible debt and offset in additional paid in capital. This discount was amortized as interest expense over the life of the debt. The Company registered the required minimum number of shares based upon the agreement on April 30, 2008 and will register the remaining shares by as soon as possible as required under the agreement

Modification, Waiver and Acknowledgement Agreement

On September 18, 2008, the Company entered into a modification, waiver and acknowledgement agreement with LH Financial for the convertible debt listed above. Under the modified Agreement, the restructured terms of the Agreement is that the exercise price of the Class A Warrants was reduced from \$2.85 to \$0.71 per common share, and the exercise price of the Class B Warrants was reduced from \$5.00 to \$1.01 per common share, subject to further reduction as described in the Transaction Documents.

The Class A Warrants expire on May 31, 2013. The Class B Warrants expired on December 31, 2009.

On June 22, 2009, the registrant completed the issuance of an aggregate principal amount of \$369,950 of subordinated notes (the "Notes") convertible into shares of the registrant's common stock, without par value per share ("Common Stock"), to 6 institutional investors (the "PIPE Investors"). The Notes matured on December 31, 2009, and carried an interest rate of 8% per annum. Prior to maturity, a holder of a Note may convert such Note into shares of the registrant's Common Stock at a conversion price of \$0.50 per share. The purchase price for the Notes was paid by the partial surrender of certain outstanding promissory notes and deemed payment of interest in connection therewith. According to the registrant's transfer agent, on June 22, 2009, the registrant had issued and outstanding 7,416,896 shares of common stock. The amount of common stock underlying the Notes represents less than 9.99% of the registrant's issued and outstanding common stock on June 22, 2009. All shares were exercised and no additional interest will be accrued for the rest of the year.

On July 22, 2009, the Company reached an agreement with its PIPE investors to extend for 6 months its convertible note facilities of approximately \$1.3M that matured on June 30 and has also received consent to suspend the financial covenants under such note facilities through the 4th Quarter. Through that period, obligations under the note continued to accrue.

Second Modification, Waiver and Acknowledgement Agreement

On October 9, 2009, the second Modification Agreement relating to the above mentioned debt was approved at the 2009 Annual Meeting of Shareholders. The restructured agreement calls for the conversion price for the remaining balance of PIPE notes to be lowered from \$2.00 per share to \$0.50 per share.

Sale of CBI Services and FIL

On November 2, 2009, the Company entered into an Agreement with its PIPE investors in connection with the sale of CBI Services and FIL. As a condition of the Agreement, the Lenders received 250,000 shares of restricted common stock and CBI placed into escrow \$200,000 to be released back to the Borrower upon satisfaction of the note. In October 2010 these funds were distributed to the PIPE Investors and accounted for as a reduction in principal outstanding.

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This note matured on September 30, 2010 and was considered in default on July 1, 2010. Under the terms of the notes, the interest rate increased from 10% to 12% on July 1, 2010.

Principal and Interest Conversions

During the year ended December 31, 2009, the Company received notices of conversion for \$611,381 in principal and \$165,593 in interest resulting in the issuance of 1,696,224 shares of common stock.

During January 2010, the Company received notices of conversion for \$462,361 in principal and \$34,452 in interest resulting in the issuance of 993,626 shares of common stock.

Sale of Mimotopes

On April 26, 2011, a portion of the proceeds from the sale of Mimotopes was used to pay off the PIPE investors. This pay off was comprised of the following:

Principal	\$533,000
Accrued Interest	163,000
Legal Costs	<u>20,000</u>
	<u>\$716,000</u>

Fornova Agreement

On September 4, 2008, the Company completed the issuance of a \$500,000 convertible promissory note (“the Note”) payable to Fornova Pharmaworld, Inc. (“the Holder”). The Note has an interest rate of 10% per annum compounded monthly. The Company will pay interest on a monthly basis beginning on September 28, 2008. At any time between October 27, 2008 and August 21, 2009, the Holder may convert the Notes into shares of the Company’s common stock at a conversion price of \$1.01 per share. Additionally, the Note features a call date beginning January 29, 2009, if exercised the holder can call the note in the amount of the outstanding principal balance plus accrued interest. If the holder’s call feature is exercised, the Company would most likely satisfy the debt and accrued interest with common stock.

As of December 31, 2009, this note has matured.

Mortgage with Financial Institution

The Company’s mortgage was paid off at the closing of the building sale in December 2011.

NOTE 9. RELATED PARTY TRANSACTIONS

On March 9, 2011, one of the Company’s founders and current Chief Executive Officer (the “CEO”) loaned the Company \$23,904 to purchase D&O insurance. This transaction was approved by the Bankruptcy Court. The loan had an interest rate of 5%. Monthly payments of principal and interest began on April 9, 2011. This loan was paid off in the fourth quarter of 2011.

Due to the financial condition of the Company, a portion of the CEO’s salary has been accrued and not paid at the election of the CEO. These accruals began in December 2010 and have been approved by the Bankruptcy Court. Salary earned but not paid was approximately \$270,000 and \$230,000 at March 31, 2012 and December 31, 2011, respectively.

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NOTE 10. DISCONTINUED OPERATIONS

On January 20, 2011, the Registrant filed a voluntary petition in the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") seeking relief under the provisions of Chapter 11 of Title 11 of the United States Code. On April 7, 2011, the Bankruptcy Court approved the private sale of Mimotopes for a gross sales price of \$850,000. The sale closed on April 29, 2011. Mimotopes is shown as a discontinued operation in the Consolidated Statement of Operations for the three month period ending March 31, 2011. During the second quarter of 2011, Mimotopes was deconsolidated resulting in a net gain of approximately \$189,000.

Mimotopes - Income from Operating Discontinued Operations:

	Three Months Ended March 31,	
	2012	2011
Revenues	\$ —	\$ 707,790
Cost of services	—	430,546
Gross profit	—	277,244
Sales, general and administrative	—	296,909
Operating loss	—	(19,665)
Other Income, net	—	95,756
Income from operating discontinued operations	\$ —	\$ 76,091

NOTE 11. DELISTING AND REINSTATEMENT FROM NASDAQ

On July 24, 2009, The NASDAQ Stock Market notified CBI that CBI was to be delisted from the NASDAQ Capital Market as a result of (i) a failure to comply with NASDAQ Listing Rule 5550(b) due to a failure to maintain minimum stockholders' equity of \$2.5 million and a failure to file a Form 8-K affirming compliance with Rule 5550(b), (ii) a failure to comply with NASDAQ Listing Rule 5635(a) due to a failure to obtain shareholder approval of an issuance of stock in excess of 20% of the pre-transaction shares outstanding in connection with the structure of a prior agreement with Biosignal, Ltd, an Australian company, and (iii) a failure to comply with NASDAQ Listing Rule 5250(e)(2)(D) due to a failure to timely file a Form LAS for that Biosignal issuance.

After receiving the July 24, 2009 notice, CBI and Biosignal agreed to terminate the earlier agreement and, subsequently, CBI filed a Form LAS in connection with a proposed amended and re-stated Biosignal Transaction thus bringing the company back into compliance with NASDAQ Rules 5635(a) and 5250(e)(2)(D). However, NASDAQ has determined that the Company has not met the requirements of Rule 5550(b). The Company appealed this decision under NASDAQ Rule 5800. The hearing was convened on September 3, 2009. On October 20, 2009, CBI was notified that the Hearing Panel granted the request of CBI to remain listed on The NASDAQ Stock Market through January 20, 2010, subject to the condition that, on or before January 20, 2010, CBI evidence shareholders' equity of at least \$2.5 million or demonstrate compliance with one of the alternative listing criteria of NASDAQ Listing Rule 5550(b). Failure to meet the Listing Rule 5550(b) may result in CBI's delisting after such date.

Effective January 25, 2010, the Company's stock was delisted from the NASDAQ Capital Market. The Company's common stock currently trades on the Pink Sheets under the symbol CBTEQ.PK.

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NOTE 12. ISSUANCE OF RESTRICTED STOCK

In January 2011, bonuses, in the form of restricted stock, were issued to three current employees and a consultant. Total shares issued were 500,000. The market value of these shares was approximately \$35,000. These transactions were approved by the Company's Board of Directors.

In December 2010, the Board of Directors approved a resolution allowing officers of the Company to receive restricted stock in lieu of cash compensation. In March 2011, 1,687,500 restricted shares were issued to the Company's CEO under this arrangement. The market value of these shares was approximately \$51,000. The issuance of these shares resulted in a \$51,000 reduction in accrued payroll liabilities that were included in the consolidated balance sheet at December 31, 2010. In April 2011, 566,666 restricted shares were issued to two independent directors under this arrangement. The market value of these shares was approximately \$17,000.

NOTE 13. SALE OF MIMOTOPES

On January 20, 2011, the Registrant filed a voluntary petition in the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") seeking relief under the provisions of Chapter 11 of Title 11 of the United States Code. On April 7, 2011, the Bankruptcy Court approved the private sale of Mimotopes for a net sales price of \$850,000. The sale closed on April 29, 2011. Net proceeds received by the Company were approximately \$106,000.

This transaction resulted in a net gain of approximately \$189,000. This gain is summarized as follows:

Loss on deconsolidation	\$(575,026)
Recognition of other comprehensive income relating to Mimotopes foreign currency transactions	<u>764,239</u>
	<u>\$ 189,213</u>

In addition, the Company recorded a reduction to retained earnings of approximately \$5,005,000. This represents the retained deficit balance of Mimotopes at December 31, 2010.

A current director of the Company is also a current director of Mimotopes. For financial reporting purposes, Mimotopes is no longer considered a related party.

NOTE 14. COMMITMENTS AND CONTINGENCIES

On February 10, 2012, the Company filed a claim against Fornova in Bankruptcy Court. The Company is disputing Fornova's claim that it is owed \$500,000 plus accrued interest relating to a convertible note that was originated in 2007. The Company is seeking to have the claim disallowed in its entirety or, in the alternative, reclassified as an equity investment. As of the date of this filing, the outcome of this claim cannot be estimated. Principal and accrued interest on this note are shown in the consolidated balance sheet at December 31, 2011 as debt plus accrued interest.

NOTE 14. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for potential recognition and/or disclosure and determined that there were none, other than those described above, that required accrual or disclosure.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with the Company's Financial Statements and Notes included herein.

Overview

Commonwealth Biotechnologies, Inc. (the "Company" or "CBI") was a specialized life sciences outsourcing business that offered cutting-edge expertise and a complete array of Peptide-based discovery chemistry and biology products and services through Mimotopes Pty Limited ("Mimotopes"), a wholly-owned subsidiary of CBI. Through November 2, 2009, CBI also provided services through CBI Services and Fairfax Identity Laboratories ("FIL"), two divisions that were sold to Bostwick Laboratories, Inc. ("Bostwick") effective November 2, 2009.

On January 20, 2011, the Registrant filed a voluntary petition in the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") seeking relief under the provisions of Chapter 11 of Title 11 of the United States Code. On April 7, 2011, the Bankruptcy Court approved the private sale of Mimotopes for a net sales price of \$850,000. The sale closed on April 29, 2011. Currently, the Company has no operating units or subsidiaries.

In December 2011, the Bankruptcy court approved the sale (the "Building Sale") at auction of land, office and laboratory space located at 601 Biotech Drive in Chesterfield County, Virginia. The sale closed on December 29, 2011 for a gross sales price of \$3,800,000. After the payoff of the related mortgage and payment of other selling related costs, net proceeds to the Company were approximately \$1,369,000. The Company plans to use the net proceeds from this sale to payoff a significant portion of unsecured creditors and to fund operations.

In addition, the Company is actively seeking to execute a merger and acquisition ("M&A") transaction with a private Company seeking access to the public financial markets.

Mimotopes is shown in the Consolidated Financial Statements as discontinued operations.

Intellectual Property

Prior to the asset sale to Bostwick, CBI was primarily focused on fee-for-service offerings. In addition, CBI developed various intellectual properties that had resulted in U.S. and international patents. Most of these were assigned to Bostwick as part of the asset sale. However, the Company retained one dormant patent application in the vaccine development area. More specifically, this dormant patent application relates to formulations, methods and kits for minimizing or preventing the reversion of attenuated microorganisms, such as viruses, to their respective wild types or other infectious forms, and for the design and evaluation of vaccines and vaccine formulations that minimize or eliminate such disadvantageous reversions. Management believes this technology could be attractive to potential M&A partners.

CBI takes appropriate steps to protect its intellectual property rights and those of its customers. The Company'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 require that all proprietary information disclosed to the individual by CBI or its customers remain confidential.

Going Concern

On January 20, 2011, the Registrant filed a voluntary petition in the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") seeking relief under the provisions of Chapter 11 of Title 11 of the United States Code. On April 7, 2011, the Bankruptcy Court approved the private sale of Mimotopes for a net sales price of \$850,000. The sale closed on April 29, 2011. Currently, the Company has no operating units or subsidiaries. In December 2011, the Bankruptcy court approved the sale (the "Building Sale") at auction of land, office and laboratory space located at 601 Biotech Drive in Chesterfield County, Virginia. The sale closed on December 29, 2011 for a gross sales price of \$3,800,000. After the payoff of the related mortgage and payment of other selling related costs, net proceeds to the Company were approximately \$1,369,000. The Company plans to use the net proceeds from this sale to payoff a significant portion of unsecured creditors and to fund operations.

Total losses for the Company were \$109,577 and \$80,560 for the quarters ended March 31, 2012 (the "2012 Quarter") and 2011 (the "2011 Quarter"), respectively. This change was primarily due to the loss of rental income

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resulting from the Building Sale in December 2011 and the loss of operating income resulting from the sale of Mimotopes in April 2011. In addition, as a result of these sales, the Company has no operating units or subsidiaries and no source of current revenue.

The Company generated negative cash flows of \$72,651 and \$43,846 in the 2012 Quarter and 2011 Quarter, respectively. Net working capital as of March 31, 2012 and December 31, 2011 was approximately \$843,000 and \$836,000, respectively.

The Company had \$1,249,317 and \$1,321,968 in cash and cash equivalents at March 31, 2012 and December 31, 2011, respectively.

Cash provided by (used in) operating activities was \$(72,651) and \$5,115 in the 2012 and 2011 Quarters, respectively.

The Company did not have any investing activities during the 2012 Quarter or 2011 Quarter.

Cash used by financing activities for the 2012 and 2011 Quarters was \$0 and \$48,961, respectively. Cash used by financing activities in the 2011 Quarter consisted solely of principal payments on debt.

In addition, the Company is actively seeking to execute a merger and acquisition (“M&A”) transaction with a private Company seeking access to the public financial markets.

A continued lack of adequate cash resulting from the Company’s inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business.

There can be no assurance that any funds required during the next twelve months or thereafter can be generated from operations. Nor can there be any assurance that funds will be available from external sources, such as debt or equity financing or other potential sources, if they cannot be generated internally. Lastly, there can be no assurance that the Company will be able to secure a suitable merger partner.

During the last year, the Company’s business has undergone substantial changes in relation to size, scale and scope of activities. Now that the sale of Mimotopes is complete, the Company has no operating units or subsidiaries.

As a result of the foregoing circumstances, there is substantial doubt about the Company’s ability to continue as a going concern. The financial statements included herein do not include any adjustments relating to the recoverability or classification of asset carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

The Company’s independent auditors have included a paragraph emphasizing “going concern” in their report on the 2011 financial statements. The financial statements included herein do not include any adjustments relating to the recoverability or classification of asset carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

Results of Operations

Three Months Ended March 31, 2012 (the “2012 Quarter”) Compared with Three Months Ended March 31, 2011 (the “2011 Quarter”).

Revenues

As a result of the Building Sale and sale of Mimotopes, the Company has no operating units or subsidiaries and no sources of future revenue.

Chapter 11 Expenses

Chapter 11 expenses consist solely of trustee fees and legal fees for the 2012 Quarter and 2011 Quarter, respectively.

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General and Administrative Expenses

General and administrative expenses (“GA”) consist primarily of compensation and related costs for corporate administrative staff, facility expenditures, professional fees, consulting, taxes, and depreciation. Total GA costs decreased \$114,102 or 52.5%, from \$217,510 in the 2011 Quarter to \$103,408 in 2012 Quarter. This decrease is primarily a result of decreased operations and the elimination of corporate overhead costs subsequent to the sale of Mimotopes in the second quarter of 2011. Currently, the corporate administrative staff consists of the CEO, Staff Accountant and a part-time consultant who serves as the acting principal financial officer.

Interest Expense

Interest expense decreased \$55,136, or 81.5%, from \$67,636 in the 2011 Quarter to \$12,500 during the 2012 Quarter. This decrease was a result of the pay off of the Company’s mortgage from a portion of the proceeds from the Building Sale in December 2011 and the payoff of the PIPE Investor Notes from a portion of the proceeds received on the sale of Mimotopes in the second quarter of 2011.

Other Income

Other income for the 2011 Quarter consists solely of rental income on office and laboratory space located at 601 Biotech Drive in Chesterfield Count, VA. Rental income from this lease ended as a result of the Building Sale in December 2011.

Liquidity and Capital Resources

Operating, Investing and Financing Activities

Total losses for the Company were \$109,577 and \$80,560 for the quarters ended March 31, 2012 (the “2012 Quarter”) and 2011 (the “2011 Quarter”), respectively. This change was primarily due to the loss of rental income resulting from the Building Sale in December 2011 and the loss of operating income resulting from the sale of Mimotopes in April 2011. In addition, as a result of these sales, the Company has no operating units or subsidiaries and no source of current revenue.

The Company generated negative cash flows of \$72,651 and \$43,846 in the 2012 Quarter and 2011 Quarter, respectively. Net working capital as of March 31, 2012 and December 31, 2011 was approximately \$843,000 and \$836,000, respectively.

The Company had \$1,249,317 and \$1,321,968 in cash and cash equivalents at March 31, 2012 and December 31, 2011, respectively.

Cash provided by (used in) operating activities was \$(72,651) and \$5,115 in the 2012 and 2011 Quarters, respectively.

The Company did not have any investing activities during the 2012 Quarter or 2011 Quarter.

Cash used by financing activities for the 2012 and 2011 Quarters was \$0 and \$48,961, respectively. Cash used by financing activities in the 2011 Quarter consisted solely of principal payments on debt.

Overall Liquidity

The Company is actively seeking to execute a merger and acquisition (“M&A”) transaction with a private Company seeking access to the public financial markets.

A continued lack of adequate cash resulting from the Company’s inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business.

There can be no assurance that any funds required during the next twelve months or thereafter can be generated from operations. Nor can there be any assurance that funds will be available from external sources, such as debt or equity financing or other potential sources, if they cannot be generated internally. Lastly, there can be no assurance that the Company will be able to secure a suitable merger partner.

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During the last year, the Company's business has undergone substantial changes in relation to size, scale and scope of activities. Now that the sale of Mimotopes is complete, the Company has no operating units or subsidiaries.

Critical Accounting Policies

A summary of the Company's critical accounting policies follows:

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

Rental Income was recognized when earned under the terms of the lease agreement.

Impairment of Long-Lived Assets

The Company reviews and accounts for the impairment of long-lived assets other than goodwill, including property and equipment and certain other non-current assets in accordance with ASC 360-35, "Accounting for the Impairment or Disposal of Long-Lived Assets". Long-lived assets besides goodwill are reviewed for impairment when events or changes in circumstances indicate the carrying value of an asset may not be recoverable. For long-lived assets other than goodwill that are to be held and used in operations, an impairment is indicated when the estimated total undiscounted cash flow associated with the asset or group of assets is less than carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value.

Corporate Guidance

As a consequence of the Sarbanes-Oxley Act and rules approved by The Securities and Exchange Commission (SEC), CBI implemented the following:

- CBI's Board is composed of four independent and three Insider directors.
- Only independent directors serve on the three principal committees: Audit, Compensation and Nominating.
- All the independent directors, Mr. Samuel P. Sears, Mr. James Causey, and Mr. Eric V. Tao who serve on the Audit Committee, meet all of the requirements as defined by the SEC for being a "financial expert."

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On March 11, 2011, the Board voted to remove Mr. William X. Guo as Chairman of the Board. In addition, the Board voted to remove Mr. William X. Guo from the Board. However, removal from the Board requires approval by the Company's stockholders.

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
- the Company's ability to hire and retain highly skilled employees,
- the Company's ability to raise additional equity financing, and
- the Company's inability to pay debt obligations.

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-Q, and 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4/4T. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Operating Officer and Acting Principal Financial Officer (principal executive officer and principal financial officer, respectively) have concluded based on their evaluation as of March 31, 2012 that the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15c) under the Securities Act of 1934, as amended ("Exchange Act") were not effective to ensure that information required to be disclosed by the Company in the reports filed or submitted by the Company under the Exchange Act is accumulated, recorded, processed, summarized and reported to management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding whether or not disclosure is required.

Changes in Internal Control over Financial Reporting

In connection with the preparation of this Form 10-Q, management identified deficiencies in the design or operation of its internal controls that resulted in a material weakness. The material weakness was due to insufficient resources in the accounting and finance department resulting in ineffective review and preparation of its condensed consolidated financial statements including an inability to account properly for complex transactions.

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A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.

The Company’s management and Audit Committee are assessing the necessary resources required to properly prepare and review the financial statements. The resources being reviewed include additional staffing and/or identifying outside consultants to assist management in the preparation of the condensed consolidated financial statements.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

On February 10, 2012, the Company filed a claim against Fornova in Bankruptcy Court. The Company is disputing Fornova's claim that it is owed \$500,000 plus accrued interest relating to a convertible note that was originated in 2007. The Company is seeking to have the claim disallowed in its entirety or, in the alternative, reclassified as an equity investment. As of the date of this filing, the outcome of this claim cannot be estimated. Principal and accrued interest on this note are shown in the consolidated balance sheet at March 31, 2012 as debt plus accrued interest.

Item 1A. Risk Factors

Not applicable.

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

Not applicable. All sales of securities of the company during the period covered by this report have been previously reported on Form 8-K.

Item 3. Defaults upon Senior Securities

Not applicable. The company has not been notified of any material default that remained uncured within 30 days after notification, other than as may have been disclosed on a report on Form 8-K.

Item 4. (Removed and Reserved)

Item 5. Other Information

Not applicable.

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<i>Item 6.</i>	<i>Exhibits</i>
<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.1	Articles of Incorporation (1)
3.2	Articles of Amendment (2)
3.3	Third Amended and Restated Bylaws (3)
4.1	Form of Common Stock Certificate (1)
10.1	First Amended and Restated Employment Agreement for Richard J. Freer, Ph.D. (4)
10.2	First Amendment to First Amended and Restated Employment Agreement between the Company and Richard J. Freer, Ph.D. (5)
10.3	Second Amendment to First Amended and Restated Employment Agreement for Richard J. Freer, Ph.D. (6)
10.4	Subscription Agreement, dated as of December 31, 2007, by and between the Company and LH Financial (7)
10.5	Ancillary Agreement, dated as of March 28, 2008, by and between the Company and Venturepharm Laboratories Limited (8)
10.6	Convertible Promissory Note, dated as of August 29, 2008, from the Company to Fornova Pharmaworld Inc. (9)
10.7	Modification, Waiver and Acknowledgement Agreement, dated September 18, 2008, by and between the Company and LH Financial (10)
10.8	Convertible Promissory Note, dated as of September 22, 2009, from the Company to LH Financial (11)
10.9	Subscription Agreement, dated as of September 22, 2009, between the Company and LH Financial (11)
10.10	Second Modification, Waiver and Acknowledgement Agreement, dated as of July 9, 2009, between the Company and LH Financial (12)
10.11	Asset Purchase Agreement, dated as of July 16, 2009, between the Company and Bostwick Laboratories, Inc. (13)
10.12	Lease Agreement, dated as of July 16, 2009, between the Company and Bostwick Laboratories, Inc. (13)
10.13	Non-Competition Agreement, dated as of July 16, 2009, between the Company and Bostwick Laboratories, Inc. (13)
10.14	First Modification, Waiver and Acknowledgement Agreement, between the Company and Fornova, dated as of August 29, 2009 (14)
10.15	Share Exchange Agreement, between the Company and GL Biochem (Shanghai) Ltd and the shareholders thereof, dated as of September 1, 2009 (15)
31.1	Certification of Richard J. Freer, Ph.D. (16)
31.2	Certification of Vincent McNelley (16)
32.1	Section 906 Certification of Richard J. Freer, Ph.D. (16)
32.2	Section 906 Certification of Vincent McNelley (16)
(1)	Incorporated by reference to the Company's Registration Statement on Form SB-2, Registration No. 333-31731.

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- (2) Incorporated by reference to the Company's Current Report on Form 8-K, dated October 29, 2007, File No. 001-13467.
- (3) Incorporated by reference to the Company's Current Report on Form 8-K, dated March 29, 2007, File No. 001-13467.
- (4) Incorporated by reference to the Company's Current Report on Form 8-K, dated September 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 8-K, dated March 31, 2006, File No. 001-13467.
- (7) Incorporated by reference to the Company's Current Report on Form 8-K, dated January 8, 2008, File No. 001-13467.
- (8) Incorporated by reference to the Company's Current Report on Form 8-K, dated April 2, 2008, File No. 001-13467.
- (9) Incorporated by reference to the Company's Current Report on Form 8-K, dated September 10, 2008, File No. 001-13467.
- (10) Incorporated by reference to the Company's Current Report of Form 8-K, dated September 24, 2008, File No. 001-13467.
- (11) Incorporated by reference to the Company's Current Report of Form 8-K, dated September 22, 2009, File No. 001-13467.
- (12) Incorporated by reference to the Company's Current Report of Form 8-K, dated July 14, 2009, File No. 001-13467.
- (13) Incorporated by reference to the Company's Current Report of Form 8-K, dated July 16, 2009, File No. 001-13467.
- (14) Incorporated by reference to the Company's Current Report of Form 8-K, dated September 2, 2009, File No. 001-13467.
- (15) Incorporated by reference to the Company's Current Report of Form 8-K, dated September 1, 2009, File No. 001-13467.
- (16) Filed herewith.

COMMONWEALTH BIOTECHNOLOGIES, INC.

SIGNATURES

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

COMMONWEALTH BIOTECHNOLOGIES, INC.

By: /s/ Vincent McNelley
Vincent McNelley
Acting Principal Financial Officer

CERTIFICATION

I, Richard J. Freer, Ph.D., certify that:

- (1) I have reviewed this Quarterly report on Form 10-Q 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 quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) 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: May 15, 2012

/s/ Richard J. Freer, Ph.D.
Richard J. Freer, Ph.D.
Chief Executive Officer

CERTIFICATION

I, Vincent B. McNelley, certify that:

- (1) I have reviewed this Quarterly report on Form 10-Q 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 quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) 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: May 15, 2012

/s/ Vincent B. McNelley

Vincent B. McNelley
Acting Principal Financial Officer

**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-Q for the quarter ending March 31, 2012 as filed with the Securities and Exchange Commission on May 15, 2012 (the "Report"), I, Richard J. Freer, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 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.

May 15, 2012

/s/ Richard J. Freer, Ph.D.
Richard J. Freer, Ph.D
Chief Executive Officer

**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-Q for the Quarter ending March 31, 2012 as filed with the Securities and Exchange Commission on May 15, 2012 (the "Report"), I, Vincent McNelley, Acting Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 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.

May 15, 2012

/s/ Vincent McNelley
Vincent McNelley
Acting Principal Financial Officer and Acting Principal Accounting
Officer