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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 12, 2008, there were 21,398,964 shares of the issuer's common stock, \$.001 par value per share, outstanding.

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PART I - FINANCIAL INFORMATION***ZIOPHARM Oncology, Inc.******(A Development Stage Enterprise)***

Balance Sheets

	March 31, 2008 (Unaudited)	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 27,487,427	\$ 35,028,798
Prepaid expenses and other current assets	335,720	498,864
Total current assets	27,823,147	35,527,662
Property and equipment, net	727,129	746,421
Deposits	95,497	95,497
Other non-current assets	358,373	356,881
Total assets	\$ 29,004,146	\$ 36,726,461
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,648,178	\$ 2,909,170
Accrued expenses	4,082,723	3,396,480
Total current liabilities	6,730,901	6,305,650
Deferred rent	58,960	50,988
Total liabilities	6,789,861	6,356,638
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.001 par value; 280,000,000 shares authorized; 21,398,964 and 21,298,964 shares issued and outstanding at March 31, 2008 and December 31, 2007, respectively	21,399	21,299
Preferred stock, \$0.01 par value; 30,000,000 shares authorized and no shares issued and outstanding	-	-
Additional paid-in capital	70,141,607	69,674,151
Warrants issued	20,503,894	20,503,894
Deficit accumulated during the development stage	(68,452,615)	(59,829,521)
Total stockholders' equity	22,214,285	30,369,823
Total liabilities and stockholders' equity	\$ 29,004,146	\$ 36,726,461

ZIOPHARM Oncology, Inc.
(A Development Stage Enterprise)

Statements of Operations

For the three months ended March 31, 2008 and 2007 (unaudited) and for the period from inception (September 9, 2003) through March 31, 2008 (unaudited)

	For the three months ended March 31, 2008 (unaudited)	For the three months ended March 31, 2007 (unaudited)	From inception (September 9, 2003) through March 31, 2008 (unaudited)
Research contract revenue	\$ -	\$ -	\$ -
Operating expenses and other income:			
Research and development, including costs of research contracts	6,074,577	3,426,513	43,178,971
General and administrative	2,744,701	1,990,018	28,978,995
Total operating expenses	8,819,278	5,416,531	72,157,966
Loss from operations	(8,819,278)	(5,416,531)	(72,157,966)
Interest income	196,184	375,845	3,705,351
Net loss	\$ (8,623,094)	\$ (5,040,686)	\$ (68,452,615)
Basic and diluted net loss per share			
	\$ (0.41)	\$ (0.29)	
Weighted average common shares outstanding used to compute basic and diluted net loss per share			
	21,228,964	17,636,919	

ZIOPHARM Oncology, Inc.**(A Development Stage Enterprise)**

Statements of Cash Flows

For the three months ended March 31, 2008 and 2007 and for the period from inception (September 9, 2003) through March 31, 2008 (unaudited)

	For the three months ended March 31, 2008 (unaudited)	For the three months ended March 31, 2007 (unaudited)	For the period from inception (September 9, 2003) through March 31, 2008 (unaudited)
Cash flows from operating activities:			
Net loss	\$ (8,623,094)	\$ (5,040,686)	\$ (68,452,615)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	88,693	69,131	831,151
Non-cash stock-based compensation	467,556	323,694	5,590,673
Loss on disposal of fixed assets	-	-	8,423
Change in operating assets and liabilities:			
(Increase) decrease in:			
Prepaid expenses and other current assets	163,144	(111,635)	(335,720)
Other noncurrent assets	(1,492)	(121,241)	(358,373)
Deposits	-	-	(95,497)
Increase (decrease) in:			
Accounts payable	(260,992)	179,541	2,648,178
Accrued expenses	686,243	239,904	4,082,723
Deferred rent	7,972	(150)	58,960
Net cash used in operating activities	(7,471,970)	(4,461,442)	(56,022,097)
Cash flows from investing activities:			
Purchases of property and equipment	(69,401)	(219,363)	(1,566,703)
Decrease in short-term investments	-	1,555,164	-
Net cash provided by (used in) investing activities	(69,401)	1,335,801	(1,566,703)
Cash flows from financing activities:			
Proceeds from the exercise of stock options	-	-	65,596
Stockholders' capital contribution	-	-	500,000
Proceeds from issuance of common stock and warrants, net	-	28,970,915	67,751,035
Proceeds from issuance of preferred stock, net	-	-	16,759,596
Net cash provided by financing activities	-	28,970,915	85,076,227
Net increase (decrease) in cash and cash equivalents	(7,541,371)	25,845,274	27,487,427
Cash and cash equivalents, beginning of period	35,028,798	26,855,450	-
Cash and cash equivalents, end of period	\$ 27,487,427	\$ 52,700,724	\$ 27,487,427
Supplementary disclosure of cash flow information:			
Cash paid for interest	\$ -	\$ -	\$ -

Cash paid for income taxes	\$	-	\$	-	\$	-
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Supplementary disclosure of noncash investing and financing activities:

Warrants issued to placement agents and investors, in connection with with private placement	\$	-	\$	5,432,793	\$	20,208,217
Preferred stock conversion to common stock	\$	-	\$	-	\$	16,759,596
Warrants converted to common shares	\$	-	\$	-	\$	17,844

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ZIOPHARM Oncology, Inc.**(A Development Stage Enterprise)**Statement of Changes in Convertible Preferred Stock and Stockholders' Equity (Deficit)
for the period from inception (September 9, 2003) through March 31, 2008

	Convertible Preferred Stock and Warrants			Warrants to Purchase Series A Convertible Preferred Stock		Common Stock		Stockholder's
	Series A Convertible Preferred Shares	Series A Preferred Stock Amount	Warrants	Shares	Amount	Shares	Amount	Additional Paid-in Capital
Stockholders' contribution, September 9, 2003	-	\$ -	\$ -	-	250,487	\$ 250	\$ -	499,750
Net loss	-	-	-	-	-	-	-	-
Balance at December 31, 2003	-	-	-	250,487	250	-	-	499,750
Issuance of common stock	-	-	-	2,254,389	2,254	-	-	4,497,746
Issuance of common stock for services	-	-	-	256,749	257	-	-	438,582
Fair value of options/warrants issued for nonemployee services	-	-	-	-	-	-	-	13,240
Net loss	-	-	-	-	-	-	-	-
Balance at December 31, 2004	-	-	-	2,761,625	2,761	-	-	5,449,318
Issuance of Series A convertible preferred stock (net of expenses of \$1,340,263 and warrant cost of \$1,682,863)	4,197,946	15,076,733	-	-	-	-	-	-
Fair value of warrants to purchase Series A convertible preferred stock	-	-	1,682,863	-	-	-	-	-
Issuance of Common stock to EasyWeb Shareholders	-	-	-	189,922	190	-	-	(190)
Conversion of Series A convertible preferred stock @ \$0.001 into \$0.001 common stock on September 13, 2005 at an exchange ratio of .500974	(4,197,946)	(15,076,733)	(1,682,863)	4,197,823	4,198	-	-	15,072,535
Issuance of common stock for options	-	-	-	98,622	99	-	-	4,716
Fair value of options/warrants issued for nonemployee services	-	-	-	-	-	-	-	54,115
Net loss	-	-	-	-	-	-	-	-
Balance at December 31, 2005	-	-	-	7,247,992	7,248	-	-	20,580,494
Issuance of common stock in private placement, net of expenses \$2,719,395	-	-	-	7,991,256	7,991	-	-	21,179,568
Issuance of warrants	-	-	-	-	-	-	-	-
Issuance of common stock for services rendered	-	-	-	25,000	25	-	-	106,225
Stock based compensation for employees	-	-	-	-	-	-	-	2,776,408
Issuance of common stock due to exercise of stock options	-	-	-	5,845	6	-	-	25,186

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Issuance of common stock due to exercise of stock warrants	-	-	-	2,806	3	(3)
Net loss	-	-	-	-	-	-
Balance at December 31, 2006	-	-	-	15,272,899	15,273	44,667,878
Issuance of common stock in private placement, net of expenses \$1,909,090	-	-	-	5,910,049	5,910	23,532,212
Issuance of warrants	-	-	-	-	-	-
Stock-based compensation for employees	-	-	-	-	-	1,318,096
Stock-based compensation for non-employee	-	-	-	-	-	120,492
Issuance of common stock due to exercise of stock options	-	-	-	46,016	46	35,543
Issuance of restricted stock	-	-	-	70,000	70	(70)
Net loss	-	-	-	-	-	-
Balance at December 31, 2007	-	-	-	21,298,964	21,299	69,674,151
Stock-based compensation for employees	-	-	-	-	-	467,556
Issuance of restricted stock	-	-	-	100,000	100	(100)
Net loss	-	-	-	-	-	-
Balance at March 31, 2008	- \$	- \$	-	21,398,964	\$ 21,399	\$ 70,141,607 \$

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Item 1. UNAUDITED FINANCIAL STATEMENTS

ZIOPHARM Oncology, Inc.
Notes to Unaudited Financial Statements

1. BASIS OF PRESENTATION AND OPERATIONS

The financial statements included herein have been prepared by ZIOPHARM Oncology, Inc. (“ZIOPHARM” or the “Company”) without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the accompanying unaudited financial statements include all adjustments (consisting of normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows of the Company at the dates and for the periods indicated. The unaudited financial statements included herein should be read in conjunction with the audited financial statements and the notes thereto included in ZIOPHARM Oncology, Inc.’s Form 10-KSB filed on February 21, 2008 for the fiscal year ended December 31, 2007.

ZIOPHARM is a development stage biopharmaceutical company that seeks to acquire, develop and commercialize, on its own or with other commercial partners, products for the treatment of important unmet medical needs in cancer.

The Company has operated at a loss since its inception in 2003 and has no revenues. The Company anticipates that losses will continue for the foreseeable future. At March 31, 2008, the Company’s accumulated deficit was approximately \$68.5 million. The Company’s ability to continue operations after its current cash resources are exhausted depends on its ability to obtain additional financing and achieve profitable operations, as to which no assurances can be given. Cash requirements may vary materially from those now planned because of changes in the focus and direction of our research and development programs, competitive and technical advances, patent developments or other developments. Additional financing will be required to continue operations after we exhaust our current cash resources and to continue our long-term plans for clinical trials and new product development.

The results disclosed in the Statements of Operations for the three months ended March 31, 2008 are not necessarily indicative of the results to be expected for the full year.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (“SFAS 157”). This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. On February 6, 2008, the FASB announced it will issue a FASB Staff Position (FSP) to allow a one-year deferral of adoption of SFAS for nonfinancial assets and nonfinancial liabilities that are recognized at fair value on a nonrecurring basis. SFAS 157 provides a common fair value hierarchy for companies to follow in determining fair value measurements in the preparation of financial statements and expands disclosure requirements relating to how such fair value measurements were developed. SFAS 157 clarifies the principle that fair value should be based on the assumptions that the marketplace would use when pricing an asset or liability, rather than company specific data. This statement became effective for the Company on January 1, 2008. Adoption of this new standard did not have a material impact on our financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Liabilities, Including an amendment of FASB Statement No. 115* (“SFAS 159”). This statement permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured

at fair value. SFAS 159 is effective as of the beginning of fiscal 2008. This statement became effective for the Company on January 1, 2008. Adoption of this new standard did not have a material impact on our financial position, results of operations or cash flows.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (“SFAS 141(R)”). SFAS 141(R) expands the definition of a business combination and requires the fair value of the purchase price of an acquisition, including the issuance of equity securities, to be determined on the acquisition date. SFAS 141(R) also requires that all assets, liabilities, contingent considerations, and contingencies of an acquired business be recorded at fair value at the acquisition date. In addition, SFAS 141(R) requires that acquisition costs generally be expensed as incurred, restructuring costs generally be expensed in periods subsequent to the acquisition date, changes in accounting for deferred tax asset valuation allowances be expensed after the measurement period, and acquired income tax uncertainties be expensed after the measurement period. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008 with early adoption prohibited. The Company expects that the adoption of this new standard will not have a material impact on our financial position, results of operations or cash flows.

2. RECENT ACCOUNTING PRONOUNCEMENTS...CONTINUED

In December 2007, the FASB issued Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51* (“SFAS 160”). SFAS 160 requires a company to clearly identify and present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section but separate from the company’s equity. It also requires the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income; changes in ownership interest be accounted for similarly, as equity transactions; and when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary be measured at fair value. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company expects that the adoption of this new standard will not have a material impact on our financial position, results of operations or cash flows.

3. STOCK-BASED COMPENSATION AND STOCK OPTION PLAN

Stock-based Compensation Expense

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123(R) (“SFAS 123R”) Share-Based Payment, using the modified prospective method, which results in the provision of SFAS 123R only being applied to the consolidated financial statements on a going-forward basis (that is, the prior period results have not been restated). Under the fair value recognition provisions of SFAS 123R, stock-based compensation cost is measured at the grant date based on the value of the award using the Black Scholes Model and is recognized as expense over the service period. Previously, the Company had followed Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employee*, and related interpretations which resulted in account for employee share options at their intrinsic value in the financial statements.

The Company recognized the full impact of its share-based payment plans in the statements of operations for the three months ended March 31, 2008 and 2007 under SFAS 123R and did not capitalize any such costs on the balance sheets. The following table presents share-based compensation expense included in the Company’s statement of operations:

	Three months ended March 31, 2008	Three months ended March 31, 2007	For the period from inception (September 9, 2003) through March 31, 2008
Research and development, including costs of research contracts	\$ 180,111	\$ 143,210	\$ 1,100,477
General and administrative	287,445	180,484	3,461,583
Share-based compensation expense before tax	467,556	323,694	4,562,060
Income tax benefit	—	—	—
Net compensation expense	\$ 467,556	\$ 323,694	\$ 4,562,060

3. STOCK-BASED COMPENSATION AND STOCK OPTION PLAN...CONTINUED*Stock Option Plan*

The Company has adopted the 2003 Stock Option Plan (the "Plan"), under which the Company had reserved for the issuance of 1,252,436 shares of its Common Stock. The Plan was approved by the Company's stockholders on December 21, 2004. On April 25, 2007 and April 26, 2006, the dates of the Company's annual stockholders meetings, the Company's stockholders approved amendments to the Plan increasing the total shares reserved by 2,000,000 and 750,000 shares, respectively, for a total of 4,002,436 shares. As of March 31, 2008 there were 2,834,666 shares that are issuable under the Plan upon exercise of outstanding options to purchase common stock and an additional 170,000 shares of restricted stock had been issued under the Plan.

Stock Options

As of March 31, 2008, the Company had issued to our employees outstanding options to purchase up to 2,354,242 shares of the Company's common stock. In addition, the Company has issued to our directors options to purchase up to 480,174 shares of the Company's common stock, as well as options to a consultant in connection with services rendered to purchase up to 250 shares of the Company's common stock. The Company had estimated the fair value of the options issued to the consultant using the Black-Scholes model, using an assumed risk-free rate of 4.23%, and expected life of 10 years, volatility of 134%, and dividend yield of 0%. The options issued to the consultant were valued at \$1,050 and were recorded as a charge to compensation expense in December 2004.

Currently, stock options are granted with an exercise price equal to the closing market price of the Company's common stock on the day before the date of grant. Stock options to employees generally vest ratably over three years and have contractual terms of ten years. Stock options to directors generally vest ratably over two or three years and have contractual terms of ten years. Stock options are valued using the Black-Scholes option valuation method and compensation is recognized based on such fair value over the period of vesting on a straight-line basis. The Company has also reserved an aggregate of 45,823 additional shares for issuance under options granted outside of the Plan.

During three months ended March 31, 2008 and 2007, the Company granted 101,000 and 18,500 options, respectively. Also during the three months ended March 31, 2008 and 2007 the Company cancelled 63,334 and 10,000, respectively, while no options were exercised, under the Plan, in these periods. During the three months ended March 31, 2007, the Company entered into a termination agreement with an employee which accelerated the employee's previously granted options. The Company recorded a charge of \$41,663 in the three months ended March 31, 2007 as a result of the acceleration.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. Assumptions regarding volatility, expected term, dividend yield and risk-free interest rate are required for the Black-Scholes model. Volatility and expected term assumptions are based on comparable Company's historical experience. The risk-free interest rate is based on a U.S. treasury note with a maturity similar to the option award's expected life. The assumptions used to value options granted during the three months ended March 31, 2008 are as follows, volatility of 95 - 96%, expected life of approximately 5 years, a dividend yield of 0%, and a risk-free interest rate of 2.48 - 2.98%.

Stock option activity under the Plan for the three-month period ended March 31, 2008 was as follows:

Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual	Aggregate Intrinsic Value
-----------------------------	--	---	--

			Term (Years)		
Outstanding, January 1, 2008	2,797,000	\$	3.81		
Granted	101,000		3.06		
Exercised	—		—		
Canceled	63,334		4.73		
Outstanding, March 31, 2008	2,834,666	\$	3.77	8.28	\$ 1,083,632
Options exercisable, March 31, 2008	1,384,165	\$	3.56	7.24	\$ 956,417

Stock options granted in the three months ended March 31, 2008 and 2007 had weighted average grant date fair values of \$2.24 and \$4.05, respectively. At March 31, 2007, total unrecognized compensation costs related to non-vested stock options outstanding amounted to \$3,424,894. The cost is expected to be recognized over a weighted-average period of 1.58 years.

3. STOCK-BASED COMPENSATION AND STOCK OPTION PLAN...CONTINUED*Restricted Stock*

During the three months ended March 31, 2008, 100,000 shares of restricted stock were issued to an employee which vest in equal annual installments over a three year period. During the year ended December 31, 2007, the Company issued 70,000 shares of restricted stock to several employees which will vest entirely on December 1, 2008. During the year ended March 31, 2008, \$72,529 of compensation expense was recognized. A summary of the status of non-vested restricted stock as of March 31, 2008 is as follows:

	Restricted Stock	Weighted- Average Grant Date Fair Value
Non-vested at January 1, 2007	—	\$ —
Granted	70,000	2.73
Vested	—	—
Canceled	—	—
Non-vested at December 31, 2007	70,000	\$ 2.73
Granted	100,000	3.25
Vested	—	—
Canceled	—	—
Non-vested at March 31, 2008	170,000	\$ 3.04

As of March 31, 2008, there was \$434,325 of total unrecognized stock-based compensation expense related to non-vested restricted stock arrangements granted under the 2003 Plan. The expense is expected to be recognized over a weighted-average period of 1.51 years.

4. INCOME TAXES

The Company adopted Financial Interpretation Number 48, "Accounting for Uncertain Tax Positions" on January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. The Company did not establish any additional reserves for uncertain tax liabilities upon adoption of FIN 48. No adjustment to the Company's uncertain tax positions have been made in the three months ending March 31, 2008.

The Company has not recognized any interest and penalties in the statement of operations because of the Company's net operating losses and tax credits that are available to be carried forward. When necessary, the Company will account for interest and penalties related to uncertain tax positions as part of its provision for federal and state income taxes. The Company does not expect the amounts of unrecognized benefits will change significantly within the next twelve months.

The Company is currently open to audit under the statute of limitations by the Internal Revenue Service and state jurisdictions for the years ended December 31, 1999 through the current period.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains statements that are not historical, but are forward-looking in nature, including statements regarding the expectations, beliefs, intentions or strategies regarding the future. In particular, the "Management's Discussion and Analysis" section in Part I, Item 2 of this Quarterly Report includes forward-looking statements that reflect our current views with respect to future events and financial performance. We use words such as we "expect," "anticipate," "believe," and "intend" and similar expressions to identify forward-looking statements. A number of important factors could, individually or in the aggregate, cause actual results to differ materially from those expressed or implied in any forward-looking statements. Such factors include, but are not limited to, our ability to successfully develop or commercialize our product candidates, our ability to obtain additional financing, our ability to develop and maintain customer relationships, regulatory developments relating to and the general success of our customers' products, and our ability to protect our proprietary technology. Other risks are described under the section entitled "Risk Factors" in our Current Report on Form 10-KSB filed on February 21, 2008.

Overview:

ZIOPHARM Oncology, Inc. is a biopharmaceutical company that is seeking to develop a diverse, risk-sensitive portfolio of in-licensed cancer drugs that address unmet medical needs. Our principal focus is on the licensing and development of proprietary drug candidates that are related to cancer therapeutics that are already on the market or in development and which can be administered by intravenous ("IV") and/or oral dosing. We believe this strategy will result in lower risk and expedited drug development programs. We expect to commercialize our products on our own in North America or through partnerships with other companies in other geographies or with the requisite financial resources to bring these products through clinical trials to commercialization in North America. Currently, we are in phase I and/or II studies for three product candidates known as darinaparsin ("ZIO-101"), palifosfamide ("ZIO-201") and indibulin ("ZIO-301"):

- Darinaparsin is an organic arsenic compound covered by issued patents and pending patent applications in the U.S. and in foreign countries. A form of commercially available inorganic arsenic (arsenic trioxide [Trisenox[®]]; "ATO") has been approved in the United States and the European Union for the treatment of acute promyelocytic leukemia ("APL"), a precancerous condition. ATO is on the compendia listing for the therapy of multiple myeloma, and has been studied for the treatment of various other cancers. Nevertheless, ATO has been shown to be toxic to the heart, liver, and brain, which limits its use as an anti-cancer agent. Inorganic arsenic has also been shown to cause cancer of the skin and lung in humans. The toxicity of arsenic is generally correlated to its accumulation in organs and tissues. Our preclinical and clinical studies to date have demonstrated that darinaparsin is considerably less toxic than inorganic arsenic, particularly with regard to heart toxicity. Similar results have been reported for other organic compounds. *In vitro* testing of darinaparsin using the National Cancer Institute's human cancer cell panel detected activity against lung, colon, brain, melanoma, ovarian, and kidney cancer. Moderate activity was detected against breast and prostate cancer. In addition to solid tumors, *in vitro* testing in both the National Cancer Institute's cancer cell panel and *in vivo* testing in a leukemia animal model demonstrated substantial activity against hematological cancers (cancers of the blood and blood-forming tissues) such as leukemia, lymphoma, myelodysplastic syndromes, and multiple myeloma. Preclinical studies have also established anti-angiogenic properties of darinaparsin, provided support for the development of an oral form of the drug, and has established synergy of darinaparsin in combination with other approved anti-cancer agents.

Overview...Continued

Phase I testing of the intravenous form of darinaparsin in solid tumors and multiple myeloma and other hematological cancers has been completed. The Company has reported signs of clinical activity and a safety profile in these studies as predicted by preclinical results. The Company is presently conducting phase II studies in advanced myeloma, in certain other hematological cancers, and primary liver cancer, and has reported preliminary results from the first two trials. The Company has recently initiated a phase I program for an oral form of darinaparsin. Study results from the oral phase I trial and the ongoing IV phase II trials will guide the development plan for darinaparsin including an opportunity for partnering.

Several proprietary forms of palifosfamide, or isophosphoramidate mustard (“IPM”), the active metabolite of ifosfamide that is also related to cyclophosphamide, have been developed. Patent applications for pharmaceutical composition and method of use have been filed in the U.S. and internationally. Like cyclophosphamide and ifosfamide, palifosfamide is an alkylating agent. The Company believes that cyclophosphamide is the most widely used alkylating agent in cancer therapy, with significant use to treat breast cancer and non-Hodgkin’s lymphoma. Ifosfamide has been shown to be effective in high dose by itself or in combination with other anticancer agents in treating sarcoma and lymphoma. Unlike cyclophosphamide, ifosfamide is approved by the FDA only as a treatment for testicular cancer. Although ifosfamide-based treatment generally represents the standard of care for sarcoma, it is not licensed for this indication by the U.S. FDA. Our preclinical studies have shown that, in animal and laboratory models, palifosfamide exhibits activity against leukemia and solid tumors. These studies also indicate that palifosfamide may have a better safety profile than ifosfamide or cyclophosphamide because it does not appear to produce several known toxic metabolites, such as acrolein, which is toxic to the kidneys and bladder. The presence of acrolein can mandate the administration of a protective agent called mesna, which is inconvenient and expensive. Chloroacetaldehyde is an additional metabolite of ifosfamide that is toxic to the central nervous system, causing “fuzzy brain” syndrome for which there is currently no protective measure. Similar toxicity concerns pertain to high-dose cyclophosphamide, which is widely used in bone marrow and blood cell transplantation. Because palifosfamide is independently active without acrolein or chloroacetaldehyde metabolites, the Company believes that the administration of its proprietary form of palifosfamide (without the need for co-administration of mesna) may avoid many of the toxicities of ifosfamide and cyclophosphamide without compromising efficacy. In certain preclinical studies, palifosfamide appeared to show activity against ifosfamide- and/or cyclophosphamide-resistant cancer cell lines. Also, encouraging results have been obtained when palifosfamide was combined with doxorubicin, an agent approved to treat sarcoma, in preclinical cancer models.

Phase II testing of the intravenous form of palifosfamide to treat advanced sarcoma is completed. In both phase I and phase II testing, palifosfamide has been administered without the “uroprotectant” mesna, and the toxicities associated with acrolein and chloroacetaldehyde have not been observed. Kidney toxicity has been identified as the dose limiting toxicity. The Company has reported signs of clinical activity in the phase II study, which is now nearing completion. Following review of the preclinical combination studies, clinical sarcoma data, and discussion with sarcoma experts, the Company has initiated a phase I/II study of palifosfamide and doxorubicin in sarcoma patients, primarily. The Company is planning a phase II randomized study designed to compare doxorubicin plus palifosfamide to doxorubicin in patients with advanced sarcoma. The study is expected to be initiated in the fourth quarter of 2008.

Overview...Continued

- Indibulin is a novel, oral small molecular-weight inhibitor of tubulin polymerization that was acquired from Baxter Healthcare. The microtubule component tubulin is one of the most well-established drug targets in cancer. Microtubule inhibitors interfere with the dynamics of tubulin polymerization resulting in inhibition of chromosome segregation during mitosis and consequently inhibition of cell division. A number of IV anticancer drugs that target tubulin, such as Taxol[®] (paclitaxel, Taxotere[®] (docetaxel) and vinca alkaloid family members, vincristine and vinorelbine, are on the market. This class of agents is typically the mainstay of therapy in a wide variety of indications. In spite of their effectiveness, the use of these drugs is also associated with significant toxicities, notably peripheral neurotoxicity.

Indibulin is an orally available compound. Preclinical studies demonstrate significant and broad antitumor activity (including activity against taxane-refractory and multi-drug resistant cell lines and xenografts). The cytotoxic activity of indibulin was demonstrated in several rodent and human tumor cell lines derived from prostate, brain, breast, pancreas, lung, ovary, and cervical tumor tissues and in rodent tumor and xenograft models. In addition, indibulin was effective against multidrug resistant tumor cell lines (breast, lung leukemia) both *in vitro* and *in vivo*. Indibulin is potentially safer than other tubulin inhibitors and there has been no neurotoxicity at therapeutic doses in animals and in the ongoing phase I trials. Indibulin has also been successfully tested preclinically for synergy with approved anti-cancer agents. The availability of an oral formulation of indibulin creates significant commercial opportunity because no oral formulations of paclitaxel or related compounds are currently on the market in the United States.

There are three ongoing phase I studies in patients with advanced solid tumors which are nearing completion. The Company has reported signs of clinical activity at well-tolerated doses and without clinically relevant peripheral neuropathy. Following encouraging results obtained with indibulin in combination with erlotinib, docetaxel or 5-FU in preclinical models, the first of two phase I/II combination studies, has been initiated with the second expected in the third quarter of this year. Based on the results obtained in the phase I/II drug-combination studies, a phase II randomized study is expected to be initiated.

Although we intend to continue with clinical development of darinaparsin for various indications, palifosfamide for advanced sarcoma and other indications, and indibulin in solid tumors, the successful development of our product candidates is highly uncertain. Product development costs and timelines can vary significantly for each product candidate and are difficult to accurately predict. Various statutes and regulations also govern or influence the manufacturing, safety, labeling, storage, record keeping and marketing of each product. The lengthy process of seeking approval and the subsequent compliance with applicable statutes and regulations require the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, regulatory approvals could materially adversely affect our business. To date, we have not received approval for the sale of any drug candidates in any market and, therefore, have not generated any revenues from our drug candidates.

Plan of Operation

Our plan of operation for the next twelve months is to continue implementing our business strategy, including the clinical development of our three lead product candidates, darinaparsin, palifosfamide, and indibulin. We also intend to expand our drug candidate portfolio by seeking additional drug candidates through novel arrangements. We expect our principal expenditures during those 12 months to include:

- Fees and milestone payments required under the license agreements relating to our existing product candidates;
- Clinical trial expenses, including the costs incurred with respect to the conduct of clinical trials for darinaparsin, palifosfamide and indibulin, and preclinical costs associated with back-up candidates;
- Costs related to the scale-up and manufacture of darinaparsin, palifosfamide and indibulin;
- Rent for our facilities; and
- General corporate and working capital, including general and administrative expenses.

We intend to use senior advisors, consultants, clinical research organizations, and third parties to perform certain aspects of product development, manufacturing, clinical, and preclinical development, and regulatory and quality assurance functions.

At our current and desired pace of clinical development of darinaparsin, palifosfamide, indibulin, other back-up candidates, and ongoing in-licensing efforts over the next 12 months, we expect to spend approximately \$2.0 million on preclinical and regulatory expenses, \$10.3 million on clinical expenses (including clinical trials and milestone payments that we expect to be triggered under the license agreements relating to our product candidates), approximately \$4.0 million on manufacturing costs, approximately \$600,000 on facilities, rent, and other facilities-related costs, and approximately \$4.3 million on general corporate and working capital. With the proceeds from the common stock offering of February 23, 2007, we believe that we currently have sufficient capital to fund development and commercialization activities of darinaparsin, palifosfamide, and indibulin into the third quarter of 2009.

Product Candidate Development and Clinical Trials

Darinaparsin, organic arsenic, has been or is being tested to treat patients with advanced myeloma, other hematological malignancies, and liver cancer. Three separate phase II trials are nearing completion. A phase I trial with an oral form of darinaparsin is ongoing. We will continue to explore different indications, dosing schedules, forms, and formulations, likely through partnership. Technology transfer and scale-up for the commercial manufacture of the active pharmaceutical ingredient, its lyophilization, and final product specification for both the IV and oral formulations will continue through the period to a registration trial.

Palifosfamide, the proprietary form of isophosphoramidate mustard (“IPM”), is being developed presently to treat advanced sarcoma. A phase II trial in advanced sarcoma is nearing completion. Other trials, including different indications are in advanced planning stages. An IV palifosfamide trial in combination with doxorubicin has commenced. We expect to initiate a randomized phase II controlled trial in front or second-line treatment of sarcoma in the second half of 2008 and initiate a phase I trial of the oral form in early 2009. Technology transfer and scale-up for the commercial manufacture of the active pharmaceutical ingredient, its lyophilization, and final product specification will continue.

Indibulin, a novel anti-cancer agent that targets mitosis by inhibiting tubulin polymerization similar to the taxanes, is available as an oral form and potentially an intravenous form. The oral form is currently in a phase I trial in Europe and a separate phase I trial (using continuous dosing) is nearing completion in the United States. A third trial to determine drug activity using PET imaging, in the United States, is also near completion. The phase I portion of a phase I/II trial in combination with Tarceva[®] has been initiated, and a second phase I/II combination trial will be initiated in the third quarter of 2008. Both trials are expected to form the basis for a registration strategy to initiate in the second half of 2009.

Results of Operations for the three months ended March 31, 2008 versus March 31, 2007

Revenues. We had no revenues for three months ended March 31, 2008 and 2007.

Research and development expenses. For the three months ended March 31, 2008, research and development expenses increased by \$2,648,064, or 77.3%, to \$6,074,577 from \$3,426,513 in the three months ended March 31, 2007. The increase is attributable to an increase of approximately \$1.3 million in manufacturing related costs, and an increase of approximately \$689,000 in the cost of clinical trials and regulatory related expenses. The increase in expenses is also attributable to an increase of approximately \$37,000 in stock compensation expense related to stock options and approximately \$485,000 in employee and travel related costs.

General and administrative expenses. For the three months ended March 31, 2008, general and administrative expenses increased by \$754,683 or 37.9%, to \$2,744,701 from \$1,990,018 in the three months ended March 31, 2007. The increase is attributable to an increase of approximately \$314,000 in legal, patent, filing fees, and other consulting costs and an increase of approximately \$79,000 in travel related expenses. The increase in expenses is also attributable to an increase of approximately \$107,000 in stock compensation expense related to stock options and approximately \$277,000 in employee and travel related costs.

Other income (expense). Other income decreased by \$179,661, or (47.8)%, to \$196,184 in the three months ended March 31, 2008 from \$375,845 recorded in the three months ended March 31, 2007. Other income, during the three months ended March 31, 2008 and 2007, was comprised primarily of interest income. The decrease is due to a lower cash balance and a precipitous drop in the return from our investment in U.S. treasury funds than the previous period.

Net income (loss). For the reasons described above, the net loss increased by \$3,582,408, or 71.1%, to \$(8,623,094) in the three months ended March 31, 2008 from \$(5,040,686) for the same period of 2007.

Liquidity and Capital Resources

As of March 31, 2008, we had approximately \$27.5 million in cash and cash equivalents. We believe we currently have sufficient capital to fund development and commercialization activities of darinaparsin, palifosfamide, and indibulin into the third quarter of 2009. Because our business does not generate any cash flow, however, we will need to raise additional capital to continue development of the product candidates beyond that time or to fund development efforts related to new product candidates. We anticipate raising such additional capital by either borrowing money or by selling shares of our capital stock. To the extent additional capital is not available when we need it, we may be forced to abandon some or all of our development and commercialization efforts, which would have a material adverse effect on the prospects of our business. Further, our assumptions relating to the expected costs of development and commercialization and timeframe for completion are dependent on numerous factors other than available financing, including significant unforeseen delays in the clinical trial and regulatory approval process, which could be extremely costly. In addition, our estimates assume that we will be able to enroll a sufficient number of patients in each clinical trial.

The Company anticipates that losses will continue for the foreseeable future. At March 31, 2008, the Company's accumulated deficit was approximately \$68.5 million. The Company has incurred significant losses from operations and has an accumulated deficit that raises substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue operations after its current cash resources are exhausted depends on its ability to obtain additional financing and achieve profitable operations, as to which no assurances can be given. Our actual cash requirements may vary materially from those planned because of a number of factors including:

- Changes in the focus and direction of our research and development programs, including the acquisition and pursuit of development of new product candidates;

- Competitive and technical advances;
- Costs of commercializing any of the product candidates; and
- Costs of filing, prosecuting, defending and enforcing any patent claims and any other intellectual property rights, or other developments.

In order to continue our long-term plans for clinical trials and new product development, we will need to raise additional capital to continue to fund our research and development as well as operations after we exhaust our current cash resources. We expect to finance our cash needs through the sale of equity securities and strategic collaborations or debt financings or through other sources that may be dilutive to existing stockholders. There can be no assurance that any such financing can be realized by the Company, or if realized, what the terms thereof may be, or that any amount that the Company is able to raise will be adequate to support the Company's working capital requirements until it achieves profitable operations. If we are unable to raise additional funds when needed, we may not be able to market our products as planned or continue development and regulatory approval of our products, or we could be required to delay, scale back or eliminate some or all our research and development programs.

Since inception, our primary source of funding for our operations has been the private sale of our securities. During the three months ended March 31, 2007, we received gross proceeds of approximately \$30.9 million (\$28,970,915 net of cash issuance costs) as a result of a sale of an aggregate of 5,910,049 shares of the Company's common stock at a price of \$5.225 per share in a private placement (the "2007 Offering"). In addition to these shares, the Company also issued to each investor a five-year warrant to purchase, at an exercise price of \$5.75 per share, an additional number of shares of common stock equal to 20 percent of the shares purchased by such investor in the 2007 Offering. In the aggregate, these warrants entitle investors to purchase an additional 1,182,015 shares of common stock. The Company estimated the fair value of the warrants issued in the 2007 offering at \$4,724,169 using the Black-Scholes model, using an assumed risk-free rate of 4.71% and an expected life of 5 years, volatility of 93% and a dividend yield of 0%. The total gross proceeds resulting from the 2007 Offering was approximately \$30.9 million, before deducting selling commissions and expenses.

During the year ended December 31, 2006, we received gross proceeds of approximately \$37 million (\$34,280,121 net of cash issuance costs) as a result of the sale of an aggregate of 7,991,256 shares of common stock, at a price of \$4.63 per share, in a private placement (the "2006 Offering") that was completed on May 3, 2006. In addition to these shares, the Company also issued to each investor a five-year warrant to purchase, at an exercise price of \$5.56 per share, an additional number of shares of common stock equal to 30 percent of the shares purchased by such investor in the 2006 Offering. In the aggregate, these warrants entitle investors to purchase an additional 2,397,392 shares of common stock. The Company engaged Paramount BioCapital, Inc. and Griffin Securities, Inc. (the "Placement Agents") as co-placement agents in connection with the 2006 Offering. In consideration for their services, the Company paid the Placement Agents and certain selected dealers engaged by the Placement Agents aggregate cash commissions of \$2,589,966 and issued 7-year warrants to the Placement Agents and their designees to purchase an aggregate of 799,126 shares at an exercise price of \$5.09 per share. The Company also agreed to reimburse the Placement Agents for their accountable expenses incurred in connection with the 2006 Offering.

During the year ended December 31, 2005, we received \$4,815 proceeds from the exercise of stock options and gross proceeds of approximately \$18.1 million (\$16.8 net of issuance costs) as a result of the sale by ZIOPHARM, Inc. of Series A Convertible Preferred Stock in a private placement transaction. During the twelve months ended December 31, 2004, we received proceeds of approximately \$4.5 million as a result of the sale by ZIOPHARM, Inc. of common stock in a private placement transaction.

At March 31, 2008, working capital was approximately \$21.1 million, compared to working capital of approximately \$29.2 million at December 31, 2007. The decrease in working capital reflects the use of funds for operations.

Capital expenditures were approximately \$69,000 for the three months ended March 31, 2008. We anticipate capital expenditures of approximately \$400,000 for the fiscal year ended December 31, 2008.

The Company's significant lease obligation payable for the twelve months ended March 31:

	Payments due by Period					2013 and thereafter
	Total	2009	2010	2011	2012	
Operating lease	\$ 1,422,648	\$ 472,222	\$ 456,872	\$ 223,835	\$ 189,563	80,156

Critical Accounting Policies and Significant Estimates

The preparation of financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to accounting for stock-based compensation and research and development activities. The Company bases its estimates on historical experience and

on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under difference assumptions or conditions.

Research and Development

Research and development expenses consist primarily of salaries and related personnel costs, fees paid to consultants and outside service providers for preclinical, clinical, and manufacturing development, legal expenses resulting from intellectual property prosecution and organizational affairs and other expenses relating to the design, development, testing, and enhancement of our product candidates. We expense our research and development costs as they are incurred. General and administrative expenses consist primarily of salaries and related expenses for executive, finance and other administrative personnel, recruitment expenses, professional fees and other corporate expenses, including business development and general legal activities.

Stock-based compensation

Our results include non-cash compensation expense as a result of the issuance of stock option and warrants grants. On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123(R) ("SFAS 123R") Share-Based Payment, using the modified prospective method, which results in the provision of SFAS 123R only being applied to the consolidated financial statements on a going-forward basis (that is, the prior period results have not been restated). Under the fair value recognition provisions of SFAS 123R, stock-based compensation cost is measured at the grant date based on the value of the award using the Black Scholes Model and is recognized as expense over the service period. Previously, the Company had followed Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations which resulted in account for employee share options at their intrinsic value in the financial statements. The Company's most critical estimates consist of accounting for stock-based compensation.

Off-Balance Sheet Arrangements

We do not have any "off-balance sheet agreements," as that term is defined by SEC regulation.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our exposure to market risk is confined to our cash and cash equivalents. We have attempted to minimize risk by investing in low-risk treasury security funds and money market funds, with no security having an effective duration longer than 90 days. We are subject to risk due to general market conditions, which may adversely impact the carrying value of our treasury securities. If the market interest rate decreases by 100 basis points or 1%, the fair value of our cash and cash equivalents portfolio would have minimal to no impact on the carrying value of our portfolio. We did not hold any derivative instruments as of March 31, 2008, and we have never held such instruments in the past.

Item 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act of 1934 reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Based on their evaluation as of March 31, 2008, our Chief Executive Officer and Chief Financial Officer, with the participation of management, have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities and Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

During the quarter ended March 31, 2008, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

No response required.

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

No response required.

Item 3. Defaults Upon Senior Securities.

No response required.

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

No response required.

Item 5. Other Information

No response required.

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Item 6. EXHIBITS

Exhibit

No.	Description
10.1 ^{(1)(*)}	Employment Agreement dated as of January 8, 2008 between ZIOPHARM Oncology, Inc. and Jonathan J. Lewis, MD, PhD.
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-15(e)/15d-15(e) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-15(e)/15d-15(e) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference to our Annual Report on Form 10-QSB, filed on February 21, 2008.

(*) Compensatory plan or arrangement.

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.

ZIOPHARM ONCOLOGY, INC.

Date: May 12, 2008

By: /s/ Jonathan Lewis
Jonathan Lewis, M.D., Ph.D.
Chief Executive Officer
(Principal Executive Officer)

Date: May 12, 2008

By: /s/ Richard Bagley
Richard Bagley
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

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