FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended September 30, 1997

OR

|_| 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 1-12830

BioTime, Inc.
(Exact name of registrant as specified in its charter)

California	94-3127919
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

935 Pardee Street
Berkeley, California 94710
(Address of principal executive offices)

(510) 845-9535
(Registrant's telephone number, including area code)

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 X No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 9,830,079 common shares, no par value, as of November 12, 1997.

PART 1--FINANCIAL INFORMATION

Item 1. Financial Statements

BIOTIME, INC,
(A Development Stage Company)

CONDENSED BALANCE SHEETS
(Unaudited)

ASSETS	September 30, 1997	June 30, 1997
CURRENT ASSETS		
Cash and cash equivalents	$ 7,370,991	$ 7,811,634
Research & development supplies on hand	50,000	100,000
Prepaid expenses and other current assets	87,143	259,109
Total current assets	7,508,134	8,170,743
EQUIPMENT, Net of accumulated depreciation of $150,355 and $139,241	112,559	92,609
OTHER ASSETS	29,422	34,422
TOTAL ASSETS	$ 7,650,115	$ 8,297,774
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	178,290	$ 249,168
Accrued compensation	125,000	175,000
Deferred revenue - current portion	900,000	900,000
Total current liabilities	1,203,290	1,324,168

DEFERRED REVENUE	312,500	437,500
Total liabilities	1,515,790	1,761,668
COMMITMENTS		
SHAREHOLDERS' EQUITY:		
Preferred Shares, no par value, undesignated as to Series, authorized 1,000,000 shares; none outstanding		
Common Shares, no par value, authorized 25,000,000 shares; issued and outstanding 9,798,579 and 9,609,579	18,206,486	17,625,646
Contributed Capital	93,972	93,972
Deficit accumulated during development stage	(12,166,133)	(11,183,512)
Total shareholders' equity	6,134,325	6,536,106
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 7,650,115	$ 8,297,774

See notes to condensed financial statements.

BIOTIME, INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Period from Inception (November 30, 1990) to September 30, 1997
	1997	1996	
REVENUE:			
License fee	$ 125,000		$ 187,500
EXPENSES:			
Research and development	$ (678,272)	$ (432,166)	$ (7,587,625)
General and administrative	(505,494)	(306,353)	(5,735,815)
Total expenses	(1,183,766)	(738,519)	(13,323,440)
INTEREST AND OTHER INCOME	76,145	20,163	994,638
NET LOSS	$ (982,621)	$ (718,356)	$ (12,141,302)
NET LOSS PER SHARE	$ (.10)	$ (.09)	$ (1.89)
SHARES USED IN PER SHARE COMPUTATION	9,640,394	8,324,508	6,425,875

See notes to condensed financial statements.

BIOTIME, INC.
(A Development Stage Company)

STATEMENTS OF SHAREHOLDERS' EQUITY

	Series A Convertible Preferred Shares		Common Shares			Deficit Accumulated During Development Stage
	Number of Shares	Amount	Number of Shares	Amount	Contributed Capital	
BALANCE, November 30, 1990 (date of inception)	--	--	--	--	--	--
NOVEMBER 1990						
Common shares issued for cash			1,312,761	$ 263		
DECEMBER 1990:						
Common shares issued for stock of a separate entity at fair value			1,050,210	137,400		
Contributed equipment at appraised value					$ 16,425	
Contributed cash					77,547	
MAY 1991:						
Common shares issued for cash less offering costs			101,175	54,463		
Common shares issued for stock of a separate entity at fair value			100,020	60,000		
JULY 1991:						
Common shares issued for services performed			30,000	18,000		
AUGUST-DECEMBER 1991						
Preferred shares issued for cash less offering costs of $125,700	360,000	$474,300				
MARCH 1992:						
Common shares issued for cash less offering costs of $1,015,873			2,173,500	4,780,127		
Preferred shares converted into common shares	(360,000)	(474,300)	360,000	474,300		
Dividends declared and paid on preferred shares						$ (24,831)
MARCH 1994:						
Common shares issued for cash less offering costs of $865,826			2,805,600	3,927,074		
NET LOSS SINCE INCEPTION						(3,721,389)
BALANCE AT JUNE 30, 1994	--	$ --	7,933,266	9,451,627	$ 93,972	$ 3,746,220)

See notes to condensed financial statements.

(Continued)

BIOTIME, INC.
(A Development Stage Company)

STATEMENTS OF SHAREHOLDERS' EQUITY

	Series A Convertible Preferred Shares		Common Shares			Deficit Accumulated During
	Number of Shares	Amount	Number of Shares	Amount	Contributed Capital	Development Stage
BALANCE AT JUNE 30, 1994	--	$ --	7,933,266	$9,451,627	$ 93,972	$ (3,746,220)
Common shares repurchased with cash			(253,800)	(190,029)		
NET LOSS						(2,377,747)
BALANCE AT JUNE 30, 1995	--	$ --	7,679,466	$9,261,598	$ 93,972	$ (6,123,967)
Common shares issued for cash (exercise of options and warrants)			496,521	1,162,370		
Common shares issued for cash (lapse of recision)			112,176	67,300		
Common shares repurchased with cash			(18,600)	(12,693)		
Common shares warrants and options granted for services			--	356,000		
NET LOSS						(1,965,335)
BALANCE AT JUNE 30, 1996	--	$ --	8,269,563	$10,834,575	$ 93,972	$ (8,089,302)
Common shares issued for cash less offering costs of $170,597			849,327	5,491,583		
Common shares issued for cash (exercise of options and warrants)			490,689	1,194,488		
Common shares warrants and options granted for service			--	105,000		
NET LOSS						(3,094,210)
BALANCE AT JUNE 30, 1997	--	$ --	9,609,579	$17,625,646	$ 93,972	$ (11,183,512)
Common Shares issued for cash (exercise of options)			189,000	580,840		
NET LOSS						(982,621)
BALANCE AT SEPTEMBER 30, 1997	--	$ --	9,798,579	$18,206,486	$ 93,972	$(12,166,133)

See Notes to condensed financial statements. (Concluded)

BIOTIME, INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended September 30,		Period from Inception (November 30, 1990)
	1997	1996	to September 30, 1997
OPERATING ACTIVITIES:			
Net loss	$ (982,621)	$ (718,356)	$(12,141,302)
Adjustments to reconcile net loss to net cash used in operating activities:			
Deferred Revenue	(125,000)	--	(187,500)
Depreciation	11,112	10,124	150,353
Cost of Services - options and warrants	12,525	70,413	451,481
Supply Reserves	50,000		150,000
Changes in operating assets and liabilities:			
Research and development supplies on hand	--	--	(200,000)
Prepaid expenses and other current assets	159,441	--	(47,421)
Deposits	5,000	9,615	(29,422)
Accounts payable	(70,878)	44,362	178,290
Accrued compensation	(50,000)	--	125,000
Deferred revenue	--	--	1,400,000
Net cash used in operating activities	(990,421)	(583,842)	(10,150,521)
INVESTING ACTIVITIES:			
Sale of investments	--	--	197,400
Purchase of short-term investments	--	--	(9,946,203)
Redemption of short-term investments	--	--	9,934,000
Purchase of equipment and furniture	(31,062)	--	(246,487)
Net cash used in investing activities	(31,062)	--	(61,290)
FINANCING ACTIVITIES:			
Issuance of preferred shares for cash	--	--	600,000
Preferred shares placement costs	--	--	(125,700)
Issuance of common shares for cash	--	--	16,373,106
Net proceeds from exercise of common share options and warrants	580,840	159,865	2,937,698
Common shares placement costs	--	--	(2,052,296)
Contributed capital - cash	--	--	77,547
Dividends paid on preferred shares	--	--	(24,831)
Repurchase Common Shares	--	--	(202,722)
Net cash provided by (used in) financing activities	580,840	159,865	17,582,802
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(440,643)	(423,977)	7,370,991
CASH AND CASH EQUIVALENTS:			
At beginning of period	7,811,634	2,443,121	--
At end of period	$ 7,370,991	$ 2,019,144	$ 7,370,991

See notes to condensed financial statements.

(Continued)

BIOTIME, INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended September 30, 1997	Three Months Ended September 30, 1996	Period from Inception (November 30, 1990) to September 30, 1997
NONCASH FINANCING AND INVESTING ACTIVITIES:			
Receipt of contributed equipment			$ 16,425
Issuance of common shares in exchange for shares of common stock of Cryomedical Sciences, Inc. in a stock-for-stock transaction			$ 197,400
Granting of options and warrants for services		$ 85,000	$ 479,000

See notes to condensed financial statements. (Concluded)

BIOTIME, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

1. GENERAL AND DEVELOPMENT STAGE ENTERPRISE

General - BioTime, Inc. (the Company) was organized November 30, 1990 as a California corporation. The Company is a biomedical organization, currently in the development stage, which is engaged in the research and development of synthetic plasma expanders, blood volume substitute solutions, and organ preservation solutions, for use in surgery, trauma care, organ transplant procedures, and other areas of medicine.

Certain Significant Risks and Uncertainties - The preparation of financial statements in conformity with generally accepted accounting principles 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 reporting period. Such management estimates include certain accruals. Actual results could differ from those estimates.

The Company's operations are subject to a number of factors that can affect its operating results and financial condition. Such factors include, but are not limited to the following: the results of clinical trials of the Company's products; the Company's ability to obtain United States Food and Drug Administration ("FDA") and foreign regulatory approval to market its products; competition from products manufactured and sold or being developed by other companies; the price of and demand for any Company products that are ultimately sold; the Company's ability to obtain additional financing and the terms of any such financing that may be obtained; the Company's ability to negotiate favorable licensing or other manufacturing and marketing agreements for its products; the availability of ingredients used in the Company's products; and the availability of reimbursement for the cost of the Company's products (and related treatment) from government health administration authorities, private health coverage insurers and other organizations.

Development Stage Enterprise - Since inception, the Company has been engaged in research and development activities in connection with the development of synthetic plasma expanders, blood volume substitute solutions and organ preservation products. The Company has not had any significant operating revenues and has incurred operating losses of $12,141,302 from inception to September 30, 1997. The successful completion of the Company's product development program and, ultimately, achieving profitable operations is dependent upon future events including maintaining adequate capital to finance its future development activities, obtaining regulatory approvals for the products it develops and achieving a level of sales adequate to support the Company's cost structure.

2. RECENTLY ISSUED ACCOUNTING STANDARDS

During February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS 128). The Company is required to adopt SFAS 128 in the second quarter of fiscal 1998 and will restate at that time earnings per share (EPS) data for prior periods to conform with SFAS 128. Earlier application is not permitted.

SFAS 128 replaces current EPS reporting requirements and requires a dual presentation of basic and diluted EPS. Basic EPS excludes dilution and is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares.

If SFAS 128 had been in effect during the current and prior periods, basic EPS and diluted EPS would not have been significantly different than primary EPS and fully diluted EPS currently reported for the period. Fully diluted EPS, as with diluted EPS, is not reported for the current and prior periods due to its antidilutive affect on EPS.

During June 1997, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," which requires that an enterprise report the change in its net assets from nonowner sources by major components and as a single total. The Board also issued Statements of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," which establishes annual and interim reporting standards for an enterprise's operating segments and related disclosures about its products, services, geographic areas, and major customers. Adoption of these statements will not impact the Company's consolidated financial position, results of operations or cash flows, and any effect will be limited to the form and content of its disclosures. Both statements are effective for fiscal years beginning after December 15, 1997, with earlier application permitted.

3. SHAREHOLDERS' EQUITY

In September 1996, the Company entered into an agreement with an individual to act as an advisor to the Company. In exchange for services, as defined, to be rendered by the advisor through September 1999, the Company issued warrants, with five year terms, to purchase 120,000 common shares at a price of $6.25 per share. Warrants for 75,000 common shares vested and became exercisable and transferable when issued; warrants for the remaining 45,000 common shares vest ratably through September 1997 and become exercisable and transferable as vesting occurs. The estimated value of the services to be performed is $60,000 and that amount has been capitalized and is being amortized over the three year term of the agreement.

During September 1995, the Company entered into an agreement with a firm to act as its financial advisor. In exchange for financial consulting services associated in part with a plan to secure additional capital, the Company issued to the financial advisor warrants to purchase 300,000 common shares at a price of $2 per share, and the Company agreed to issue additional warrants to purchase up to an additional 600,000 common shares at a price equal to the greater of (a) 150% of the average market price of the common shares during the three months prior to grant or (b) $2 per share. The additional warrants were issued in equal quarterly installments over a two year period, beginning October 15, 1995. The warrants are exercisable at the following prices: 450,000 at a price of $2 per share, 75,000 at a price of $2.44 per share, 75,000 at a price of $10.01 per share, 75,000 at a price of $9.78 per share, 75,000 at a price of $10.88 per share, 75,000 at a price of $16.34 per share, and 75,000 at a price of $14.26 per share. The total value of these 900,000 warrants at the agreement date, estimated to be $300,000, was capitalized in fiscal 1996 and is being amortized over the two year term of the agreement.

The Board of Directors of the Company adopted the 1992 Stock Option Plan (the "Plan") in September 1992, which was approved by the shareholders at the 1992 Annual Meeting of Shareholders on December 1, 1992. Under the Plan, as amended, the Company has reserved 1,800,000 common shares for issuance under options granted to eligible persons. No options may be granted under the Plan more than ten years after the date the Plan was adopted by the Board of Directors, and no options granted under the Plan may be exercised after the expiration of ten years from the date of grant.

Under the Plan, options to purchase common shares may be granted to employees, directors and certain consultants at prices not less than the fair market value at date of grant for incentive stock options and not less than 85% of fair market value for nonstatutory stock options. These options expire five to ten years from the date of grant and may be fully exercisable immediately, or may be exercisable according to a schedule or conditions specified by the Board of Directors or the Option Committee. At September 30, 1997, 651,000 shares were available for future grants under the Option Plan; and 651,000 shares have been granted at exercise prices ranging from $0.66 to $10.33.

In June 1994, the Board of Directors authorized management to repurchase up to 600,000 of the Company's common shares at market price at the time of purchase. As of June 30, 1997, 272,400 shares have been repurchased and retired. No shares have been repurchased since August 28, 1995.

4. LICENSE AGREEMENT

In April 1997, BioTime and Abbott Laboratories ("Abbott") entered into an Exclusive License Agreement (the "License Agreement") under which BioTime has granted to Abbott an exclusive license to manufacture and sell BioTime's proprietary blood plasma volume expander solution Hextend in the United States and Canada for certain therapeutic uses.

Under the License Agreement, Abbott has agreed to pay the Company up to $40,000,000 in license fees; of which $1,000,000 due upon signing of the License Agreement (the "signing payment"), and $400,000 due upon the achievement of a patent claims milestone (the "patent payment") have been received; an additional $1,100,000 will become payable in installments upon the achievement of specific milestones (the "milestone payments") pertaining to the filing and approval of a New Drug Application for Hextend and the commencement of sales of the product. Up to $37,500,000 of additional license fees will be payable based upon annual net sales of Hextend at the rate of 10% of annual net sales if annual net sales exceed $30,000,000 or 5% if annual net sales are between $15,000,000 and $30,000,000. Abbott's obligation to pay license fees on sales of Hextend will expire on the earlier of January 1, 2007 or, on a country by country basis, when all patents protecting Hextend in the applicable country expire or any third party obtains certain regulatory approvals to market a generic equivalent product in that country.

In addition to the license fees, Abbott will pay the Company a royalty on annual net sales of Hextend. The royalty rate will be 5% plus an additional .22% for each $1,000,000 of annual net sales, up to a maximum royalty rate of 36%. Abbott's obligation to pay royalties on sales of Hextend will expire in the United States or Canada when all patents protecting Hextend in the applicable country expire and any third party obtains certain regulatory approvals to market a generic equivalent product in that country.

Abbott has agreed that the Company may convert Abbott's exclusive license to a non-exclusive license or may terminate the license outright if certain minimum sales and royalty payments are not met. In order to terminate the license outright, BioTime would pay a termination fee in an amount ranging from the milestone payments made by Abbott to an amount equal to three times prior year net sales, depending upon when termination occurs. Abbott's exclusive license also may terminate, without the payment of termination fees by the Company, if Abbott fails to market Hextend. Management believes that the probability of payments of any termination fee by the Company is remote.

As of September 30, 1997, the Company received $1,400,000 from Abbott under the License Agreement, and has deferred recognition of $1,212,500. The Company will recognize the signing payment over the estimated development period (two years) and the patent payment when the related patent has been issued. Further milestone payments will be recognized as achieved. Additional license fees and royalty payments will be recognized as the related sales are made and reported as earned to the Company by Abbott.

5. STOCK SPLIT

On October 30, 1997, the Company effected a three-for-one stock split by distributing to its shareholders of record on October 9, 1997 two additional shares for each share owned by them. All share and per share data have been restated to reflect the stock split for all periods presented herein.

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

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

Overview

Since its inception in November 1990, the Company has been engaged primarily in research and product development activities. The Company has not yet generated significant operating revenues, and as of September 30, 1997 the Company had incurred a cumulative net loss of $12,141,302.

Most of the Company's research and development efforts have been devoted to the development of the Company's first three blood volume replacement products: Hextend(R), PentaLyte(R), and HetaCool(TM). The Company has completed all the surgical procedures for its Phase III clinical trials of Hextend, its proprietary blood plasma volume expander. The Phase III trials were designed to test whether Hextend can be used to treat hypovolemia (loss of blood volume) by adequately maintaining blood pressure and volume during high blood loss surgery. A 28 day follow-up period has been completed for each patient. The case report forms for each patient in the study, containing data gathered during the trial which will be used to evaluate the safety and efficacy of Hextend, are being reviewed.

The data gathered during the trial will be transferred to a computer file which will be used in a statistical evaluation of the trial results. The code which determined whether each patient received Hextend or the control solution will then be broken, and the analysis of the data will begin. It is expected that this process will be initiated, and certain results regarding the outcome of the study, will be available to the Company before the end of calendar year 1997.

In July 1997, the Company began a clinical trial of Hextend using human volunteers at Middlesex Hospital in London, England. All human testing has been completed and the results of that trial are being analyzed and will be used in the design of multinational trials aimed at expanding indications for the use of Hextend and obtaining regulatory approval.

Additional studies are being designed for new products under development, including PentaLyte and HetaCool, and to assess the safety and efficacy of Hextend in other surgical and medical applications.

Hextend, PentaLyte and HetaCool are similar formulations, except that Hextend and HetaCool use a high molecular weight hetastarch whereas PentaLyte uses a lower molecular weight pentastarch. The hetastarch is retained in the blood longer than the pentastarch, which may make Hextend and HetaCool the products of choice when a larger volume of plasma expander or a blood substitute for low temperature surgery is needed or where the patient's ability to regenerate his own blood proteins after surgery is compromised. PentaLyte, with pentastarch, would be eliminated from the blood faster

than Hextend and HetaCool and might be used when less plasma expander is needed or where the patient is more capable of quickly regenerating lost blood proteins. By testing and bringing both Hextend and PentaLyte to the market, BioTime can increase its market share by providing the medical community with solutions to match patients' needs.

In order to commence clinical trials of new products and certain new therapeutic uses of Hextend, it will be necessary for the Company to prepare and file with the FDA an Investigational New Drug Application ("IND") or an amendment to expand the present IND for Hextend. The cost of preparing those IND filings and conducting those clinical trials is not presently determinable, but could be substantial. It may be necessary for the Company to obtain additional financing in order to complete any clinical trials that may begin for its new products or for new uses of Hextend.

On April 23, 1997, BioTime and Abbott Laboratories entered into a License Agreement under which BioTime has granted to Abbott an exclusive license to manufacture and sell Hextend in the United States and Canada for all therapeutic uses other than those involving hypothermic surgery, or the replacement of substantially all of a patient's circulating blood volume. BioTime has retained all rights to manufacture, sell or license Hextend and other products in all other countries.

Under the License Agreement, Abbott has agreed to pay BioTime up to $40,000,000 in license fees based upon product sales and the achievement of certain milestones, and to provide assistance to BioTime in connection with the Company's Phase III clinical trials of Hextend. In addition to the license fees, Abbott will pay BioTime a royalty on annual net sales of Hextend. The royalty rate will be 5% plus an additional .22% for each $1,000,000 of annual net sales, up to a maximum royalty rate of 36%. Abbott's obligation to pay royalties on sales of Hextend will expire in the United States or Canada when all patents protecting Hextend in the applicable country expire and any third party obtains certain regulatory approvals to market a generic equivalent product in that country. Abbott has also agreed to manufacture Hextend for sale by BioTime in the event that Abbott's exclusive license is terminated prior to expiration.

The Company and a number of overseas and multinational pharmaceutical companies are discussing licenses to manufacture and market Hextend and other of BioTime products. Representatives of certain of those companies have made arrangements to meet with the Company in the United States to continue discussions regarding manufacturing and marketing rights in Europe and Japan.

The Company plans to continue to provide funding for its laboratory testing programs at selected universities, medical schools and hospitals for the purpose of developing additional uses of Hextend, PentaLyte, HetaCool, and other new products, but the amount of research that will be conducted at those institutions will depend upon the Company's financial status.

Because the Company's research and development expenses, clinical trial expenses, and production and marketing expenses will be charged against earnings for financial reporting purposes, management expects that losses from operations will continue to be incurred for the foreseeable future.

Hextend(R) and PentaLyte(R) are registered trademarks, and HetaCoolTM is a trademark, of BioTime, Inc.

Results of Operations

Revenues

From inception (November 30, 1990) through September 30, 1997, the Company generated $187,500 of revenue. For the three months ended September 30, 1997, the Company generated total revenues of $125,000, comprised of license fee income from the signing of the License Agreement with Abbott. The Company has deferred recognition of $1,212,500 of revenue received for signing the License Agreement and achieving a license fee milestone pertaining to the allowance of certain patent claims pending (See Note 4 to the accompanying financial statements). The Company did not earn any license fee income during the three months ended September 30, 1996, as the Company did not have any license agreements in effect during that period. The Company's ability to generate substantial operating revenue depends upon its success in developing and marketing or licensing its plasma volume expanders and organ preservation solutions and technology for medical use.

Operating Expenses

From inception (November 30, 1990) through September 30, 1997, the Company incurred $7,587,625 of research and development expenses, including salaries, supplies and other expense items. Research and development expenses were $678,272 for the three months ended September 30, 1997, compared to $432,166 for the three months ended September 30, 1996. The increase in research and development expenses is attributable to ongoing Phase III human clinical trials, compilation of data and preparation of an NDA (New Drug Application), and an accrual for bonuses for services rendered during the period from July 1, 1997 to September 30, 1997. It is expected that research and development expenses will increase as the Company commences additional clinical studies of Hextend in the United States and abroad, and commences clinical studies of other products.

From inception (November 30, 1990) through September 30, 1997, the Company incurred $5,735,815 of general and administrative expenses. General and administrative expenses were $505,494 for the three months ended September 30, 1997, compared to $306,353 for the three months ended September 30, 1996. This increase is primarily attributable to increased personnel costs and to an accrual for bonuses for services rendered during the period from July 1, 1997 to September 30, 1997.

Interest and Other Income

From inception (November 30, 1990) through September 30, 1997, the Company generated $994,638 of interest and other income. For the three months ended September 30, 1997, the Company

generated $76,145 of interest and other income, compared to $20,163 for the three months ended September 30, 1996. The increase in interest income is attributable to an increase in cash and cash equivalents from the Company's subscription rights offering completed on February 5, 1997.

Liquidity and Capital Resources

Since inception, the Company has primarily financed its operations through the sale of equity securities and licensing fees, and at September 30, 1997, the Company had cash and cash equivalents of $7,370,991. Management believes that additional funds may be required for the successful completion of the Company's product development activities. The Company plans to obtain financing for its future operations through additional sales of equity or debt securities, and through the licensing of its products to pharmaceutical companies.

Under its License Agreement with Abbott, the Company has received $1,400,000 of license fees and milestone payments for signing the agreement and achieving a milestone pertaining to the allowance of certain patent claims pending. An additional $1,100,000 of license payments under the License Agreement will become payable in installments upon the achievement of specific milestones pertaining to the filing and approval of a New Drug Application for Hextend and the commencement of sales of the product. Additional license fees and royalties will become payable upon product sales.

License fees and royalties will also be sought from Abbott or other pharmaceutical companies for United States and Canadian licenses of new products and uses of Hextend that are not covered by Abbott's license, and for licenses to manufacture and market the Company's products abroad.

The future availability and terms of equity and debt financings, and the amount of license fees and royalties that may be earned through the licensing and sale of the Company's products cannot be predicted. The unavailability or inadequacy of financing or revenues to meet future capital needs could force the Company to modify, curtail, delay or suspend some or all aspects of its planned operations.

Statements contained in this report that are not historical facts may constitute forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those discussed. See Note 1 to Financial Statements and the "Risk Factors" discussed in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1997.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

Exhibit Numbers	Description
3.1	Articles of Incorporation as Amended.=
3.3	By-Laws, As Amended.#
4.1	Specimen of Common Share Certificate.+
10.1	Lease Agreement dated July 1, 1994 between the Registrant and Robert and Norah Brower, relating to principal executive offices of the Registrant.*
10.2	Employment Agreement dated June 1, 1996 between the Company and Paul Segall.++
10.3	Employment Agreement dated June 1, 1996 between the Company and Hal Sternberg.++
10.4	Employment Agreement dated June 1, 1996 between the Company and Harold Waitz.++
10.5	Employment Agreement dated June 1, 1996 between the Company and Judith Segall.++
10.6	Employment Agreement dated June 1, 1996 between the Company and Victoria Bellport.++
10.7	Intellectual Property Agreement between the Company and Paul Segall.+
10.8	Intellectual Property Agreement between the Company and Hal Sternberg.+
10.9	Intellectual Property Agreement between the Company and Harold Waitz.+
10.10	Intellectual Property Agreement between the Company and Judith Segall.+
10.11	Intellectual Property Agreement between the Company and Victoria Bellport.+
10.12	Agreement between CMSI and BioTime Officers Releasing Employment Agreements, Selling Shares, and Transferring Non-Exclusive License.+
10.13	Agreement for Trans Time, Inc. to Exchange CMSI Common Stock for BioTime, Inc. Common Shares.+

10.14 1992 Stock Option Plan, as amended.+++

10.15 Employment Agreement dated April 1, 1997 between the Company and Ronald S. Barkin.^

10.16 Intellectual Property Agreement between the Company and Ronald S. Barkin.^

27 Financial Data Schedule**

= Incorporated by reference to the Company's Form 10-K for the fiscal year ended June 30, 1997.

+ Incorporated by reference to Registration Statement on Form S-1, File Number 33-44549 filed with the Securities and Exchange Commission on December 18, 1991, and Amendment No. 1 and Amendment No. 2 thereto filed with the Securities and Exchange Commission on February 6, 1992 and March 7, 1992, respectively.

Incorporated by reference to Registration Statement on Form S-1, File Number 33-48717 and Post-Effective Amendment No. 1 thereto filed with the Securities and Exchange Commission on June 22, 1992, and August 27, 1992, respectively.

* Incorporated by reference to the Company's Form 10-K for the fiscal year ended June 30, 1994.

++ Incorporated by reference to the Company's Form 10-K for the fiscal year ended June 30, 1996.

+++ Incorporated by reference to Registration Statement on Form S-8, File Number 333-30603 filed with the Securities and Exchange Commission on July 2, 1997.

^ Incorporated by reference to the Company's Form 10-Q for the quarter ended March 31, 1997.

** Filed herewith.

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K for the three months ended September 30, 1997.

SIGNATURES

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

BIOTIME, INC.

/s/Paul E. Segall

Date: November 13, 1997 ----------

Paul E. Segall
Chief Executive Officer

/s/Victoria Bellport

Date: November 13, 1997 ----------

Victoria Bellport
Chief Financial Officer

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3-MOS
JUN-30-1998
JUL-01-1997
SEP-30-1997
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125,000
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(76,145)
(982,621)
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