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 December 31, 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. 9,899,079, common shares, no par value, as of February 2, 1998.

PART 1--FINANCIAL INFORMATION

Item 1. Financial Statements

BIOTIME, INC,
(A Development Stage Company)

CONDENSED BALANCE SHEETS
(Unaudited)

ASSETS	December 31, 1997	June 30, 1997
CURRENT ASSETS		
Cash and cash equivalents	$ 6,321,242	$ 7,811,634
Research and development supplies on hand	--	100,000
Prepaid expenses and other current assets	249,757	259,109
Total current assets	6,570,999	8,170,743
EQUIPMENT, Net of accumulated depreciation of $162,871 and $139,241	127,055	92,609
OTHER ASSETS	24,422	34,422
TOTAL ASSETS	$ 6,722,476	$ 8,297,774
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	333,238	$ 249,168
Accrued compensation	--	175,000
Deferred revenue - current portion	500,000	900,000
Total current liabilities	833,238	1,324,168
DEFERRED REVENUE	187,500	437,500
Total liabilities	1,020,738	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 9,845,079 and 9,609,579	18,411,076	17,625,646
Contributed Capital	93,972	93,972
Deficit accumulated during development stage	(12,803,310)	(11,183,512)
Total shareholders' equity	5,701,738	6,536,106
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 6,722,476	$ 8,297,774

See notes to condensed financial statements.

BIOTIME, INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,		Period from Inception (November 30, 1990)
	1997	1996	1997	1996	to December 31, 1997
REVENUE:					
License Fee	525,000	--	650,000	--	712,500
EXPENSES:					
Research and development	$ (864,276)	$ (485,659)	$(1,542,548)	$ (917,825)	$ (8,451,901)
General and administrative	(384,846)	(288,630)	(890,340)	(594,983)	(6,120,661)
Total expenses	(1,249,122)	(774,289)	(2,432,888)	(1,512,808)	(14,572,562)
INTEREST AND OTHER INCOME:	86,945	19,802	163,090	39,965	1,081,583
NET LOSS	$ (637,177)	$ (754,487)	$ (1,619,798)	$ (1,472,843)	$ (12,778,479)
BASIC LOSS PER SHARE	$ (0.06)	$ (0.09)	$ (0.17)	$ (0.18)	$ (1.95)
DILUTED LOSS PER SHARE	$ (0.06)	$ (0.09)	$ (0.17)	$ (0.18)	$ (1.95)
COMMON AND EQUIVALENT SHARES USED IN COMPUTING PER SHARE AMOUNTS:					
BASIC	9,832,411	8,382,279	9,736,402	8,353,395	6,546,926
DILUTED	9,832,411	8,382,279	9,736,402	8,353,395	6,546,926

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
	Number of Shares	Amount	Number of Shares	Amount	Contributed Capital	During Development Stage
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
	Number of Shares	Amount	Number of Shares	Amount	Contributed Capital	During 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)- Unaudited			235,500	775,130		
Common shares warrants and options granted for service - Unaudited				10,300		
NET LOSS - Unaudited						(1,619,798)
BALANCE AT DECEMBER 31, 1997 - Unaudited	--	$ --	9,845,079	$18,411,076	$ 93,972	$(12,803,310)

See Notes to condensed financial statements. (Concluded)

BIOTIME, INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended December 31,		Period from Inception (November 30, 1990)
	1997	1996	to December 31, 1997
OPERATING ACTIVITIES:			
Net loss	$(1,619,798)	$ (1,472,843)	$(12,778,479)
Adjustments to reconcile net loss to net cash used in operating activities:			
Deferred Revenue	(650,000)		(712,500)
Depreciation	23,630	20,248	162,871
Cost of Services - options and warrants	27,825	140,549	466,781
Supply Reserves	100,000	--	200,000
Changes in operating assets and liabilities:			
Research and development supplies on hand	--	--	(200,000)
Prepaid expenses and other current assets	(8,173)	(15,240)	(215,035)
Deposits	10,000	--	(24,422)
Accounts payable	84,070	192,683	333,238
Accrued compensation	(175,000)	--	--
Deferred revenue	--	--	1,400,000
Net cash used in operating activities	(2,207,446)	(1,134,603)	(11,367,546)
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	(58,076)	--	(273,501)
Net cash used in investing activities	(58,076)	--	(88,304)
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	775,130	524,458	3,131,988
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	775,130	524,458	17,777,092
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,490,392)	(610,145)	6,321,242
CASH: AND CASH EQUIVALENTS:			
At beginning of period	7,811,634	2,443,121	--
At end of period	$ 6,321,242	$ 1,832,976	$ 6,321,242

See notes to condensed financial statements.

(Continued)

BIOTIME, INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended December 31,		Period from Inception (November 30, 1990) to December 31, 1997
	1997	1996	
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	10,300	105,000	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 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.

The balance sheet as of December 31, 1997, the statements of operations for the three and six months ended December 31, 1997 and 1996 and the period from inception (November 30, 1990) to December 31, 1997, the statement of shareholders' equity for the six month period ended December 31, 1997, and the statements of cash flows for the six months ended December 31, 1997 and 1996 and the period from inception (November 30, 1990) to December 31, 1997 have been prepared by the Company without audit. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the finanical position, results of operations , shareholders' equity and cash flows at December 31, 1997 and for all periods presented have been made. The balance sheet as of June 30, 1997 is derived from the Company's audited financial statements as of that date.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted as permitted by regulations of the Securities and Exchange Commission. Certain previously furnished amounts have been reclassified to conform with presentations made during the current periods. It is suggested that these interim condensed financial statements be read in conjunction with the annual audited financial statements and notes thereto included in the Company's Form 10-K for the year ended June 30, 1997.

The preparation of the Company's financial statements in conformity with generally accepted accounting principles necessarily 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 balance sheet dates and the reported amounts of revenues and expenses for the periods presented. Actual amounts may differ from such estimates.

The results of operations for the periods ended December 31, 1997 and 1996 are not necessarily indicative of the operating results anticipated for the full year.

Certain Significant Risks and Uncertainties - 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 $12,768,179 from inception to December 31, 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 June 1997, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 130, "Reporting Comprehensive Income"(SFAS 130), 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" (SFAS 181), 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. During the quarter ended December 31, 1997, options to purchase a total of 4,500 common shares were issued to consultants at a price of $18.25 per share. The estimated fair value of the services totaled $10,300 and was recognized in the period. At December 31, 1997, 629,000 shares were available for future grants under the Option Plan; and options to purchase 626,500 shares have been granted and were outstanding at exercise prices ranging from $0.66 to $18.25.

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 December 31, 1997, the Company received $1,400,000 from Abbott under the License Agreement, and has deferred recognition of $687,500. The Company will recognize the signing payment over the estimated development period (two years). 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. NET INCOME PER SHARE

During February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS 128). The Company adopted SFAS 128 in the second quarter of fiscal 1998 and restated earnings per share (EPS) data for prior periods to conform with current presentation.

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 (loss) by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution from securities and other contracts which are exercisable or convertible into common shares.

Diluted EPS is computed by dividing net income (loss) by the weighted average number of common shares that would have been outstanding during the period assuming the issuance of common shares for all dilutive potential common shares outstanding. As a result of operating losses, there is no difference between the basic and diluted calculations of EPS.

6. 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.

7. LETTER OF INTENT

On January 5, 1998, the Company signed a letter of intent with the Nihon Pharmaceutical Company, Ltd., a subsidiary of Takeda Chemical Industries, Japan's largest pharmaceutical manufactuer, to negotiate a licensing agreement to manufacture and market Hextend and other products in Japan.

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 development activities. The Company has not yet generated significant operating revenues, and as of December 31, 1997 the Company had incurred a cumulative net loss of $12,768,179.

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 its Phase III clinical trials of Hextend, its proprietary blood plasma volume expander. An analysis of the Phase III trials has confirmed that Hextend can be used to treat hypovolemia (loss of blood volume) by adequately maintaining blood pressure and volume during high blood loss surgery. At the 16th Annual Symposium Clinical Update in Anesthesiology in San Juan, Puerto Rico in January 1998, the clinical trial investigators reported that an average of 1.6 liters of Hextend were used in surgical procedures with no serious related adverse events, even when Hextend was given in volumes as high as 2 to 5 liters - a level that greatly exceeds the use of currently available colloid plasma expanders in U.S. clinical medicine.

Hextend met the study's primary endpoints for effectiveness judged by the maintenance of heart rate, blood pressure and urine flow, and by the amount of fluid required to treat loss of blood volume. Endpoints for safety were met as judged by comparing adverse events, blood product

utilization and laboratory parameters in the two study groups. Secondary endpoints targeted in the study, which reached statistical significance, included those related to coagulation and cardiac function. There was a statistically significant decrease in adverse events related to blood clotting in the Hextend group compared to controls.

On December 17, 1997 the Company initiated the filing of its New Drug Application with the Food and Drug Administration for the manufacture and marketing of Hextend under the rules for 90 day advanced submissions of chemistry, manufacturing and contol data. The Company is continuing to prepare the NDA and expects to complete the NDA submission for Hextend by the end of March 1998. The FDA will then review the Company's NDA and determine whether to approve Hextend. FDA approval must be obtained in order to market Hextend in the United States.

Additional clinical studies are being planned to obtain regulatory approval to market Hextend in other countries, to expand the clinical indications for the product and to obtain further data to support worldwide marketing efforts. The Company is also designing clinical trials for PentaLyte and HetaCool.

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.

During January 1998, Abbott notified the Company that Abbott is exercising their rights pursuant to Paragraph 11(b) of the License Agreement and will supply BioTime with batches of PentaLyte, characterization and stability studies and other regulatory support needed for BioTime to file for an IND and to conduct clinical studies. Abbott's actions preserve its rights to obtain an exclusive license for PentaLyte.

On January 5, 1998, the Company signed a letter of intent with the Nihon Pharmaceutical Company, Ltd., a subsidiary of Takeda Chemical Industries, Japan's largest pharmaceutical manufacturer, to negotiate a licensing agreement to manufacture and market Hextend and other products in Japan. The Company and a number of overseas and multinational pharmaceutical companies are continuing discussions regarding licenses to manufacture and market Hextend and other of BioTime's products.

In December 1997, two patents covering composition of matter and methods claims were issued to the Company, affording further patent protection for the Company's products currently under clinical and research development.

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 HetaCool(TM) is a trademark, of BioTime.

Results of Operations

Revenues

From inception (November 30, 1990) through December 31, 1997, the Company generated $712,500 of license fee revenues. For the three months ended December 31, 1997, the Company has

earned total revenues of $525,000, comprised of license fees from the signing of the License Agreement with Abbott, and from the achievement of a license fee milestone pertaining to the allowance of certain patent claims. At December 31, 1997 the Company has deferred recognition of $687,500 of revenue received for signing the License Agreement (See Note 4 to the accompanying financial statements). The Company did not earn any license fee income during the three months ended December 31, 1996 or the six months ended December 31, 1996, as the Company did not have any license agreements in effect during those periods. 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 December 31, 1997, the Company has incurred $8,441,601 of research and development expenses, including salaries, supplies and other related expense items. Research and development expenses were $853,976 for the three months ended December 31, 1997, compared to $485,659 for the three months ended December 31, 1996. Additionally, research and development expenses increased to $1,532,248 for the six months ended December 31, 1997, from $917,825 for the six months ended December 31, 1996. The increase in research and development expenses is attributable to completion of and full payment for the Phase III clinical trials, compilation of data and preparation of an NDA. It is expected that research and development expenses will increase in the future as the Company commences additional clinical testing of Hextend in the United States and abroad, and commences clinical studies of other products.

From inception (November 30, 1990) through December 31, 1997, the Company has incurred $6,120,661 of general and administrative expenses. General and administrative expenses were $384,846 for the three months ended December 31, 1997, compared to $288,630 for the three months ended December 31, 1996. General and administrative expenses also increased to $890,340 for the six months ended December 31, 1997, from $594,983 for the six months ended December 31, 1996. The increase is primarily attributable to increased personnel costs.

Interest and Other Income

From inception (November 30, 1990) through December 31, 1997, the Company has generated $1,081,583 of interest and other income. For the three months ended December 31, 1997, the Company has generated $86,945 of interest and other income, compared to $19,802 for the three months ended December 31, 1996. The interest and other income generated also increased to $163,090 for the six months ended December 31, 1997, from $39,965 for the six months ended December 31, 1996. The increase in interest income is attributable to an increase in cash and cash equivalents from the Company' 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 December 31, 1997, the Company had cash and cash equivalents of $6,321,242. 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 based 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.

Date: February 3, 1998

/s/ Ronald S. Barkin

Ronald S. Barkin
President

Date: February 3, 1998

/s/ Victoria Bellport

Victoria Bellport
Chief Financial Officer

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OCT-01-1997
DEC-31-1997
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