FORM 10-QSB
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, 2006

OR

o **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 small business issuer as specified in its charter)

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

6121 Hollis Street
Emeryville, California 94608
(Address of principal executive offices)

(510) 350-2940
(Issuer's telephone number)

Indicate by check mark whether the issuer (1) 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__

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

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. **22,574,374** common shares, no par value, as of **November 2, 2006.**

Transitional Small Business Disclosure Format (Check one) Yes __ No X

PART 1--FINANCIAL INFORMATION

Statements made 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. Such risks and uncertainties include but are not limited to those discussed in this report under Item 1 of the Notes to Financial Statements, and in BioTime's Annual Report on Form 10-K filed with the Securities and Exchange Commission. Words such as "expects," "may," "will," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and similar expressions identify forward-looking statements.

Item 1. Financial Statements

BIOTIME, INC.
CONDENSED BALANCE SHEETS

ASSETS	September 30, 2006 (unaudited)
CURRENT ASSETS	
Cash and cash equivalents	$ 755,553
Accounts receivable	7,916
Prepaid expenses and other current assets	49,449
Total current assets	812,918
EQUIPMENT, net of accumulated depreciation of $580,314	6,738
DEPOSITS AND OTHER ASSETS	22,986
TOTAL ASSETS	$ 842,642
LIABILITIES AND SHAREHOLDERS' DEFICIT	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	$ 315,440
Current portion of deferred license revenue	182,242
Total Current Liabilities	497,682
DEFERRED LICENSE REVENUE - long term	1,298,406
ROYALTY OBLIGATION	594,360
OTHER LONG TERM LIABILITIES	9,117
TOTAL LIABILITIES	2,399,565
COMMITMENTS	
SHAREHOLDERS' DEFICIT:	
Preferred shares, no par value, undesignated as to Series, authorized 1,000,000 shares; none outstanding	—
Common shares, no par value, authorized 40,000,000 shares; issued and outstanding 22,574,374	40,376,822
Contributed capital	93,973
Accumulated deficit	(42,027,718)
Total shareholders' deficit	(1,556,923)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$ 842,642

See notes to condensed financial statements.

BIOTIME, INC.

CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
REVENUE:				
License fees	$ 46,979	$ 24,062	$ 126,019	$ 73,887
Royalties from product sales	250,017	128,829	555,914	442,877
Grant income	—	87,541	—	164,026
Total revenue	296,996	240,432	681,933	680,790
EXPENSES:				
Research and development	(304,562)	(401,144)	(954,369)	(1,205,271)
General and administrative	(301,924)	(242,988)	(1,139,305)	(1,031,918)
Total expenses	(606,486)	(644,132)	(2,093,674)	(2,237,189)
INTEREST INCOME (EXPENSE) AND OTHER:	(30,545)	(11,358)	(74,325)	(27,982)
NET LOSS	$ (340,035)	$ (415,058)	$ (1,486,066)	$ (1,584,381)
BASIC AND DILUTED LOSS PER SHARE	$ (0.02)	$ (0.02)	$ (0.07)	$ (0.09)
COMMON AND EQUIVALENT SHARES USED IN COMPUTING BASIC AND DILUTED PER SHARE AMOUNTS	22,574,324	17,871,450	22,525,747	17,864,564

See notes to condensed financial statements.

BIOTIME, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months Ended September 30,	
	2006	2005
OPERATING ACTIVITIES:		
Net loss	$ (1,486,066)	$ (1,584,381)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	5,383	5,280
Interest on royalty obligation	11,393	47,832
Amortization of debt issuance costs	101,416	—
Stock-based compensation	77,211	85,616
Changes in operating assets and liabilities:		
Accounts receivable	(5,966)	(234,901)
Prepaid expenses and other current assets	71,053	(8,029)
Deposits	—	(4,926)
Accounts payable and accrued liabilities	(240,768)	77
Deferred revenue	389,362	(72,188)
Other long-term liabilities	4,578	2,594
Net cash used in operating activities	(1,072,404)	(1,763,026)
INVESTING ACTIVITIES:		
Purchase of equipment	(5,943)	0
FINANCING ACTIVITIES:		
Increase in royalty obligation	—	697,828
Payment on royalty obligation	—	(130,000)
Exercise of options	126	—
Net cash provided by financing activities	126	567,828
DECREASE IN CASH AND CASH EQUIVALENTS	(1,078,221)	(1,195,198)
Cash and cash equivalents at beginning of period	1,833,774	1,370,762
Cash and cash equivalents at end of period	$ 755,553	$ 175,564
NONCASH FINANCING AND INVESTING ACTIVITIES:		
Issuance of shares to secure line of credit	$ 38,000	$ —
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash for interest	$ —	$ —

See notes to condensed financial statements. (Concluded)

BIOTIME, INC.
NOTES TO FINANCIAL STATEMENTS

1. Organization

General - BioTime, Inc. ("BioTime") was organized November 30, 1990 as a California corporation. BioTime is a biomedical organization 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.

The condensed balance sheet as of September 30, 2006, the condensed statements of operations for the three and nine months ended September 30, 2006 and 2005 and the statements of cash flows for the nine months ended September 30, 2006 and 2005 have been prepared by BioTime without audit. In the opinion of management, all adjustments (consisting primarily of normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at September 30, 2006 and for all periods presented have been made. The results of operations for the three and nine months ended September 30, 2006 are not necessarily indicative of the operating results anticipated for the full year.

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 BioTime's Form 10-K for the year ended December 31, 2005.

Significant Risks and Uncertainties- BioTime'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 BioTime's products; BioTime's ability to obtain United States Food and Drug Administration 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 BioTime products; BioTime's ability to obtain additional financing and the terms of any such financing that may be obtained; BioTime's ability to negotiate favorable licensing or other manufacturing and marketing agreements for its products; the availability of ingredients used in BioTime's products; and the availability of reimbursement for the cost of BioTime's products (and related treatment) from government health administration authorities, private health coverage insurers and other organizations.

Liquidity - At September 30, 2006, BioTime had $755,553 of cash on hand and available lines of credit totaling $543,600 (see Note 3), from which no money has yet been drawn. However, BioTime needs additional capital and greater revenues to continue its current operations, to complete clinical trials of PentaLyte[â], and to conduct its planned product development and research programs. Sales of additional equity securities could result in the dilution of the interests of present shareholders. BioTime is also continuing to seek new agreements with pharmaceutical companies to provide product and technology licensing fees and

royalties. The availability and terms of equity financing and new license agreements are uncertain. The unavailability or inadequacy of additional financing or future revenues to meet capital needs could force BioTime to modify, curtail, delay, suspend, or possibly discontinue some or all aspects of its planned operations. Management believes that its projected rate of spending, which includes possible spending cuts, cash on hand, anticipated royalties from the sale of Hextend®, licensing fees, and available revolving lines of credit, will allow BioTime to operate through September 30, 2007.

2. Significant Accounting Policies

Financial Statement Estimates - 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. Actual results could differ from those estimates.

Revenue recognition - Royalty and license fee revenues consist of product royalty payments and fees under license agreements and are recognized when earned. Up-front fees where BioTime has no continuing performance obligations are recognized as revenues when collection is reasonably assured. In situations where continuing performance obligations exist, up-front fees are deferred and amortized ratably over the performance period. If the performance period cannot be reasonably estimated, BioTime amortizes fees over the life of the contract until such time that the performance period can be more reasonably estimated. Milestones, if any, related to scientific or technical achievements are recognized in income when the milestone is accomplished if (a) substantive effort was required to achieve the milestone, (b) the amount of the milestone payment appears reasonably commensurate with the effort expended and (c) collection of the payment is reasonably assured.

BioTime also defers costs, including finders' fees, which are directly related to license agreements for which revenue has been deferred. Deferred costs are charged to expense proportionally and over the same period that related deferred revenue is recognized as revenue. Deferred costs are net against deferred revenues in BioTime's balance sheet.

BioTime recognizes royalty revenues in the quarter in which the sales report is received, rather than the quarter in which the sales took place, as BioTime does not have sufficient sales history to accurately predict quarterly sales.

Grant income is recognized as revenue when earned.

Stock-based Compensation - On January 1, 2006, BioTime adopted Statement of Financial Accounting Standard ("SFAS") 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)") which requires the measurement and recognition of compensation expense for all share-based payment awards made to directors and employees including employee stock options based on estimated fair values. SFAS 123(R) supersedes BioTime's previous accounting using the intrinsic value method under Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees" for periods beginning in fiscal 2006. In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 ("SAB107") relating to SFAS 123(R), which provides supplemental implementation guidance for SFAS 123(R). BioTime has applied the provisions of SAB 107 in its adoption of SFAS 123(R).

Upon adoption of SFAS 123 (R), BioTime has continued to utilize the Black-Scholes Merton option pricing model which was previously used for BioTime's proforma disclosures under SFAS 123. BioTime's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by BioTime's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, BioTime's expected stock price volatility over the term of the awards, and the actual and the projected employee stock options exercise behaviors. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate is based on the U.S Treasury rates in effect during the corresponding period of grant. Because changes in the subjective assumptions can materially affect the estimated value, in management's opinion, the existing valuation models may not provide an accurate measure of the fair value of BioTime's employee stock options. Although the fair value of employee stock options is determined in accordance with SFAS 123(R) and SAB 107 using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction.

3. Lines of Credit

In April 2006, BioTime entered into a Revolving Line of Credit Agreement (the "Credit Agreement") with Alfred D. Kingsley, Cyndel & Co., Inc., and George Karfunkel, investors in BioTime, under which BioTime may borrow up to $500,000 for working capital purposes at an interest rate of 10% per annum. The maturity date of the Credit Agreement is the earlier of (i) October 31, 2007 or (ii) such date on which the borrower shall have received an aggregate of $600,000 through (A) the sale of capital stock, (B) the collection of licensing fees, signing fees, milestone fees, or similar fees in excess of $1,000,000 under any present or future agreement pursuant to which the borrower grants one or more licenses to use the borrower's patents or technology, (C) funds borrowed from other lenders, or (D) any combination of sources under clauses (A) through (C). Under the Credit Agreement, BioTime will prepay, and the credit line will be reduced by, any funds received prior to the maturity date from those sources discussed above. The line of credit is collateralized by a security interest in BioTime's right to receive royalty and other payments under the license agreement with Hospira. In consideration for making the line of credit available, BioTime issued to the investors a total of 99,999 common shares. The market value of BioTime common shares was $0.38 per common share on April 12, 2006, valuing the shares at $38,000. The debt issuance costs are being amortized to interest expense through the maturity date of October 31, 2007. If any of the criteria (A) through (D) shall occur before October 31, 2007, the remaining unamortized debt issuance costs will be charged to interest expense at that time. No funds have yet been drawn on this line of credit.

BioTime also has an available line of credit from American Express, which allows for borrowings up to $43,600; no funds have yet been drawn from this line of credit. Should any such money be drawn, interest will be payable on borrowings at a total rate equal to the prime rate plus 3.99%; however, regardless of the prime rate, the interest rate payable will at no time be less than 9.49%. The line of credit will not expire unless terminated by one of the parties.

4. Royalty Obligation

In December 2004, BioTime entered into an agreement with Summit Pharmaceuticals International Corporation (“Summit”) to co-develop Hextend and PentaLyte for the Japanese market. Under the agreement, BioTime received $300,000 in December 2004, $450,000 in April 2005 and $150,000 in October 2005. The payments represent a partial reimbursement of BioTime’s development cost of Hextend and PentaLyte. In June 2005, following BioTime’s approval of Summit’s development plan for Hextend, BioTime paid to Summit a one-time fee of $130,000 for their services in preparing the plan. The agreement states that revenues from Hextend and PentaLyte in Japan will be shared between BioTime and Summit as follows: BioTime 40% and Summit 60%. Additionally, BioTime will pay Summit 8% of all net royalties received from the sale of PentaLyte in the United States.

The accounting treatment of the payments from Summit fall under the guidance of Emerging Issues Task Force (“EITF”) 88-18, “Sales of Future Revenues.” EITF 88-18 addresses the accounting treatment when an enterprise (BioTime) receives cash from an investor (Summit) and agrees to pay to the investor a specified percentage or amount of the revenue or a measure of income of a particular product line, business segment, trademark, patent, or contractual right. The EITF reached a consensus on six independent factors that would require reclassification of the proceeds as debt. BioTime meets one of the factors whereby BioTime has significant continuing involvement in the generation of the cash flows due to the investor. As a result, BioTime initially recorded the net proceeds from Summit to date of $770,000 as long-term debt to comply with EITF 88-18, even though BioTime is not legally indebted to Summit for that amount.

In July 2005, Summit sublicensed the rights to Hextend in Japan to Maruishi Pharmaceutical Co., Ltd (“Maruishi”). In consideration for the license, Maruishi agreed to pay Summit a series of milestone payments: Yen 70,000,000, (or $593,390 based on foreign currency conversion rates at the time) upon executing the agreement, Yen 100,000,000 upon regulatory filing in Japan, and Yen 100,000,000 upon regulatory approval of Hextend in Japan. Consistent with the terms of the BioTime and Summit agreement, Summit paid 40% of the initial agreement execution amount, $237,356, to BioTime during October 2005. BioTime does not expect the regulatory filing and approval milestones to be attained for several years.

The initial accounting viewed the potential repayment of the $770,000 imputed debt to come only from the 8% share of US PentaLyte revenues generated by BioTime and paid to Summit. BioTime first became aware of the terms of the Maruishi sublicense during the fourth quarter of 2005, at which time BioTime prepared an estimate of the future cash flows, and determined that Summit will earn a majority of its return on investment from its agreement with Maruishi, and not the 8% of BioTime’s U.S. PentaLyte sales. Considering this, the imputed $770,000 obligation to Summit is viewed for accounting purposes as a royalty obligation which will be reduced by Summit’s 8% share of BioTime’s U.S. PentaLyte sales plus Summit’s 60% share of Japanese revenue. Accordingly, BioTime recorded the entire $593,390 paid by Maruishi to Summit for the sublicense as deferred revenue, to be amortized over the remaining life of the patent through 2019. BioTime’s 40% share of this payment was collected in October 2005 and the remaining 60% share was recorded as a reduction of the long-term royalty obligation of BioTime to Summit. The balance of the license fees received by BioTime is still being treated as a long-term royalty obligation for financial accounting purposes under EITF 88-18.

Interest on the long-term royalty obligation is accrued monthly, using the effective interest method beginning October 2005, at the rate of 25.2% per annum, which BioTime has determined is the appropriate interest rate when the future cash flows from the transaction are considered. Prior to October 2005, BioTime was accruing interest at a rate of 12% based upon its incremental borrowing rate because the effective interest rate derived from future "deemed payments" could not be reasonably estimated. The effective interest rate will be evaluated annually, or when events occur that have significantly affected the estimate of future cash flows. BioTime has recorded $101,416 and $47,832 of interest expense on the long-term royalty obligation during the nine months ended September 30, 2006 and September 30, 2005, respectively.

5. Shareholders' Deficit

During December 2005, BioTime completed a subscription rights offer (the "2005 Rights Offer") through which BioTime raised gross proceeds of $1,787,144 through the sale of 4,467,862 common shares and 4,467,862 warrants. The common shares and warrants were sold as "units" consisting of one common share and one warrant for $0.40 per unit. Each warrant entitles the holder to purchase one common share for $2.00 per share and will expire on October 31, 2010. BioTime may redeem the warrants by paying $.05 per warrant if the closing price of the common shares on any national securities exchange or the Nasdaq Stock Market exceeds 200% of the exercise price of the warrants for any 20 consecutive trading days.

Certain persons acted as guarantors of the 2005 Rights Offer under a Standby Purchase Agreement pursuant to which they agreed to purchase up to 4,467,862 units if the subscription rights were not fully exercised. In consideration for their agreement, BioTime paid the guarantors $132,000 in cash and issued to them warrants to purchase 600,000 common shares, which were accounted for as costs of the equity financing. The $132,000 was included in accounts payable and accrued expenses as of December 31, 2005. Total cash costs for the Rights Offer, which were recorded as a reduction of the proceeds received, were $379,984. The warrants issued to the guarantors have the same terms as the warrants BioTime sold in the 2005 Rights Offer. The market price of all warrants issued in the 2005 Rights Offer was $0.05 per warrant on the closing date.

During April 1998, BioTime entered into a financial advisory services agreement with Greenbelt Corp., a corporation controlled by Alfred D. Kingsley and Gary K. Duberstein, who are also shareholders of BioTime. The agreement has been renewed each subsequent year ending March 31. For the twelve months ending March 31, 2006, BioTime agreed to pay Greenbelt $45,000 in cash and issue 135,000 common shares. During April 2006, BioTime paid the remaining $45,000 obligation under the agreement for the twelve months ended March 31, 2006 and issued 33,750 common shares. During March 2006, the board of directors approved the renewal of the agreement with Greenbelt for the 12 months ending March 31, 2007. BioTime will pay Greenbelt a cash fee of $90,000 and will issue Greenbelt 200,000 common shares. The common shares will be issued as follows: 150,000 shares on January 2, 2007 for services rendered through December 31, 2006, and 50,000 shares on April 2, 2007 for services rendered from January 1, 2007 through March 31, 2007. The cash fee will be payable as follows: $30,000 on January 2, 2007, $30,000 on April 2, 2007, and $30,000 on October 1, 2007; provided, that BioTime may defer either or both of the cash payments that would otherwise be

due on January 2, 2007 and April 2, 2007 until a date that BioTime may determine, but not later than October 1, 2007. If BioTime elects to defer either or both cash payments, BioTime will issue to Greenbelt 30,000 additional common shares for each deferred payment within ten business days after the date on which the deferred cash payment was originally due.

Activity related to the Greenbelt agreement is presented in the table below:

	Balance included in Accounts Payable at January 1	Add: Cash-based expense accrued	Add: Stock-based expense accrued	Less: Cash payments	Less: Value of stock-based payments	Balance included in Accounts Payable at September 30
2006	$ 65,138	$ 56,250	$ 33,487	$ (45,000)	$ (43,875)	$ 66,000
2005	$ 112,950	$ 45,000	$ 45,275	$ (67,500)	$ (84,200)	$ 51,525

During the nine months ended September 30, 2006 and 2005, BioTime issued to Greenbelt 135,000 and 60,000 common shares, respectively, valued at $43,875 and $84,200.

During the nine months ended September 30, 2006, 63 warrants were exercised for proceeds of $126.

6. Licensing Agreement

On March 24, 2006, BioTime entered into a license agreement with Summit to develop Hextend and PentaLyte in the People's Republic of China, and Taiwan. Summit paid BioTime $500,000 in May, 2006 as the initial consideration for the China and Taiwan license. BioTime also will be entitled to receive 50% of the royalties and any milestone payments received by Summit from any third-party sublicense, excluding the first payment made by a sublicense upon execution of an agreement with Summit. Summit has entered a sublicense agreement with Maruishi for Hextend and PentaLyte in China and Taiwan. Milestone payments of Yen 20,000,000 are payable by Maruishi when the first new drug application for Hextend is filed and when the first clinical study of PentaLyte begins under the sublicense.

BioTime has recorded the $500,000 payment as deferred revenue, as development of PentaLyte has not yet been completed. As the expected completion date is uncertain, BioTime will amortize deferred revenue over the remaining lives of the underlying Hextend and PentaLyte patents, through 2019. Approximately $16,000 has been amortized during the nine months ended September 30, 2006.

7. Net Income (Loss) Per Share

Basic earnings (loss) per share excludes dilution and is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution from securities and other contracts which are exercisable or convertible into common shares. For the three and nine months ended

September 30, 2006 and 2005, options to purchase 1,419,644 and 1,352,164 common shares, respectively, and warrants to purchase 7,847,867 and 3,153,191 common shares, respectively, were excluded from the computation of earnings (loss) per share as their inclusion would be antidilutive. As a result, there is no difference between basic and diluted calculations of loss per share for all periods presented.

8. Valuation and Expense Information under SFAS 123(R)

During 1992, BioTime adopted the 1992 Stock Option Plan (the "1992 Plan"). Options granted under the 1992 Plan 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. As of September 30, 2006, options to purchase 184,500 shares had been granted and were outstanding at exercise prices ranging from $3.00 to $11.75 under the 1992 Plan. At September 30, 2006, no options were available for future grants under the 1992 Plan.

During 2002 BioTime adopted a new stock option plan (the "2002 Plan"). The 2002 Plan was amended during December 2004 to increase the number of shares available for the issuance of options. Under the 2002 Plan, BioTime has reserved 2,000,000 common shares for issuance under options granted to eligible persons. No options may be granted under the 2002 Plan more than ten years after the date the 2002 Plan was adopted by the Board of Directors, and no options granted under the 2002 Plan may be exercised after the expiration of ten years from the date of grant. Under the 2002 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 other 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 Compensation Committee. The 2002 Plan also permits BioTime to sell common shares to employees subject to vesting provisions under restricted stock agreements that entitle BioTime to repurchase unvested shares at the employee's cost upon the occurrence of specified events, such as termination of employment. BioTime may permit employees or consultants, but not executive officers or directors, who purchase stock under restricted stock purchase agreements to pay for their shares by delivering a promissory note that is secured by a pledge of their shares. Under the 2002 Plan, as of September 30, 2006, BioTime had granted to certain employees, consultants, and directors, options to purchase a total of 1,135,164 common shares at exercise prices ranging from $0.34 to $4.00 per share; and had 864,836 options available for future grants**.**

On January 1, 2006 BioTime adopted SFAS 123(R), which requires the measurement and recognition for all share-based payment awards made to BioTime's employees and directors including employee stock options. The following table summarizes stock-based compensation expense related to employee and director stock options awards for the three and nine months ended September 30, 2006, which was allocated as follows:

	Three Months Ended September 30, 2006 (under SFAS 123(R))	Nine Months Ended September 30, 2006 (under SFAS 123(R))
Stock-based compensation expense:		
Research and Development	$ —	$ —
General and Administrative	7,913	43,724
Stock-based compensation expense included in operating expense	7,913	43,724
Total stock-based compensation expense	$ 7,913	$ 43,724

The following table compares the net loss and basic and diluted loss per share for the three and nine months ended September 30, 2006 and September 30, 2005 as if the fair value recognition provision of SFAS 123(R) had been applied for both periods as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Net income (loss) - as reported for the prior period [1]	N/A	$ (415,058)	N/A	$ (1,584,381)
Stock-based compensation expense related to employee stock options [2]	(7,913)	(44,729)	(43,725)	(135,379)
Net income (loss), including the effect of stock-based compensation expense [3]	$ (340,035)	$ (459,787)	$ (1,486,066)	$ (1,719,760)
Net income (loss) per share - as reported for the prior period [1]				
Basic and diluted		$ (0.02)		$ (0.09)
Net income (loss) per share, including the effect of stock-based compensation expense [3]				
Basic and diluted	$ (0.02)	$ (0.03)	$ (0.07)	$ (0.10)

[1] Net loss and net loss per share prior to fiscal 2006 did not include stock-based compensation expense for employee stock options under SFAS 123 because BioTime did not adopt the recognition provisions of SFAS 123.

(2) Stock-based compensation expense prior to fiscal 2006 is calculated based on the pro forma application of SFAS 123.

(3) Net income and net income per share prior to fiscal 2006 represents pro forma information based on SFAS 123.

BioTime adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2006, the first day of BioTime's fiscal year 2006. BioTime's condensed consolidated financial statements as of and for the three months and nine months ended September 30, 2006, reflect the impact of SFAS 123(R). In accordance with the modified prospective transition method, the condensed consolidated financial statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R). As of September 30, 2006, total unrecognized compensation costs related to unvested stock options was $19,986, which is expected to be recognized as expense over a weighted average period of approximately 0.60 years.

For all applicable periods, the value of each employee and director stock option was estimated on the date of grant using the Black-Scholes Merton model for the purpose of the pro forma financial disclosures in accordance with SFAS 123.

The weighted-average estimated fair value of stock options granted during the nine months ended September 30, 2006 and 2005 was $0.25 and $0.67 per share, respectively, using the Black-Scholes Merton model with the following weighted-average assumptions:

	Nine Months Ended September 30, 2006	**Nine Months Ended September 30, 2005**
Expected lives in years	5	5
Risk free interest rates	4.79%	4.51%
Volatility	93%	81.0%
Dividend yield	0%	0%

For options granted prior to 2006 and valued in accordance with SFAS 123, the expected life and the expected volatility of the stock options were based upon historical data. Forfeitures of employee stock options were accounted for on an as-incurred basis.

General Option Information

A summary of all option activity for the nine months ended September 30, 2006 is as follows:

	Options available for grant	Number of Shares	Weighted Average Exercise Price
Outstanding, December 31, 2005	887,336	1,477,164	$ 3.31
Granted	(52,500)	52,500	0.34
Exercised	—	—	—
Forfeited/expired	30,000	(110,000)	5.14
Outstanding, September 30, 2006	864,836	1,419,664	$ 3.06

The following table summarizes significant ranges of outstanding and exercisable options as of September 30, 2006:

	Options Outstanding				Options Exercisable		
	Number Outstanding	Weighted Avg. Remaining Contractual Life (yrs)	Weighted Avg. Exercise Price	Aggregate Intrinsic Value	Number Exercisable	Weighted Avg. Exercise Price	Aggregate Intrinsic Value
$0.34-1.55	214,164	2.68	$ 1.18	$ —	206,664	$ 1.21	$ —
2.00-2.17	601,000	3.22	2.02	—	532,250	2.02	—
3.00-4.95	545,000	0.80	4.00	—	545,000	4.00	—
11.75	59,500	2.54	11.75	—	59,500	11.75	—
$0.34-$11.75	1,419,664	2.18	$ 3.06	$ —	1,343,414	$ 3.13	$ —

Item 2. Management's Discussion and Analysis or Plan of Operation.

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

Overview

Since its inception in November 1990, BioTime has been engaged primarily in research and development activities, which have culminated in the commercial launch of Hextend®, our lead product, and a clinical trial of PentaLyte®. Our operating revenues have been generated primarily from licensing fees and from royalties on the sale of Hextend. Our ability to generate substantial operating revenue depends upon our success in developing and marketing or licensing our plasma volume expanders and organ preservation solutions and technology for medical use.

Most of our research and development efforts have been devoted to our first three blood volume replacement products: Hextend, PentaLyte, and HetaCool®. By testing and bringing all three products to the market, we can increase our market share by providing the medical community with solutions to match patients' needs. By developing technology for the use of HetaCool in low temperature surgery, trauma care, and organ transplant surgery, we may also create new market segments for our product line.

Our first product, Hextend, is a physiologically balanced blood plasma volume expander, for the treatment of hypovolemia. Hextend is being distributed in the United States and Canada by Hospira, Inc. and in South Korea by CJ Corp. ("CJ") under exclusive licenses from us. Hospira also has the right to obtain regulatory approval and market Hextend in Latin America and Australia. Summit Pharmaceuticals International Corporation ("Summit") has a license to develop Hextend and PentaLyte in Japan, the People's Republic of China, and Taiwan. Summit has entered into sublicenses with Maruishi Pharmaceutical Co., Ltd. ("Maruishi") to obtain regulatory approval, manufacture, and market Hextend in Japan and Hextend and PentaLyte in China and Taiwan.

Under our license agreements, Hospira and CJ will report sales of Hextend and pay us the royalties and license fees due on account of such sales after the end of each calendar quarter. We recognize such revenues in the quarter in which the sales report is received, rather than the quarter in which the sales took place.

Royalty revenues for the three months ended September 30, 2006 consist primarily of royalties on sales made by Hospira during the period beginning April 1, 2006 and ending June 30, 2006. Royalty revenues recognized for that three-month period were $250,017, a 94% increase from the $128,829 of royalty revenue during the same period last year. The increase in royalties primarily reflects a growth in sales to the United States Armed Forces, although hospital sales also increased.

We expect to receive royalties of $377,564 from Hospira during November 2006, based on Hextend sales during the three months ended September 30, 2006. Royalties increased 109% from royalty revenues of $180,983 received during the same period last year. As in the prior quarter, the increase in royalties primarily reflects a growth in sales to the United States Armed Forces, while hospital sales also

increased. Purchases by the Armed Forces generally take the form of intermittent, large volume orders, and cannot be predicted with certainty. This revenue will be reflected in our financial statements for the fourth quarter of 2006.

Hextend has become the standard plasma volume expander at a number of prominent teaching hospitals and leading medical centers and is part of the Tactical Combat Casualty Care protocol. We believe that as Hextend use proliferates within the leading US hospitals, other smaller hospitals will follow their lead contributing to sales growth.

We have recently completed the patient enrollment and treatment portion of a Phase II clinical trial of PentaLyte in which PentaLyte was used to treat hypovolemia in cardiac surgery, and we have begun processing and compiling the trial data. Our ability to commence and complete additional clinical studies of PentaLyte depends on our cash resources and the costs involved, which are not presently determinable. Clinical trials of PentaLyte in the United States may take longer and may be more costly than the Hextend clinical trials, which cost approximately $3,000,000. The FDA permitted us to proceed directly into a Phase III clinical trial of Hextend involving only 120 patients because the active ingredients in Hextend had already been approved for use in plasma expanders by the FDA in other products. Because PentaLyte contains a starch (pentastarch) that has not been approved by the FDA for use in a plasma volume expander, we had to complete a Phase I clinical trial of PentaLyte, and we are now completing a Phase II clinical trial. We expect our Phase II trial will cost approximately an additional $153,000. A subsequent Phase III trial may involve more patients than the Hextend trials, and we do not know yet the actual scope or cost of the clinical trials that the FDA will require for PentaLyte.

If Hospira obtains a license to manufacture and market PentaLyte under our License Agreement with them, they would reimburse us for all our direct costs incurred in developing PentaLyte. Hospira's decision whether to license PentaLyte would follow their analysis of the data from our Phase II trial.

Plasma volume expanders containing pentastarch have been approved for use in certain foreign countries including Canada, certain European Union countries, and Japan. The regulatory agencies in those countries may be more willing to accept applications for regulatory approval of PentaLyte based upon clinical trials smaller in scope than those that may be required by the FDA. This would permit us to bring PentaLyte to market overseas more quickly than in the United States, provided that suitable licensing arrangements can be made with multinational or foreign pharmaceutical companies to obtain financing for clinical trials and manufacturing and marketing arrangements.

We are also continuing to develop solutions for low temperature surgery. Once a sufficient amount of data from successful low temperature surgery has been compiled, we plan to seek permission to use Hextend as a complete replacement for blood under near-freezing conditions. We currently plan to market Hextend for complete blood volume replacement at very low temperatures under the registered trademark "HetaCool®" after FDA approval is obtained, although the time frame for such approval is presently uncertain.

We have been awarded a $299,990 research grant by the National Heart, Lung, and Blood Institute division of the National Institutes of Health ("NIH") for use in the development of HetaCool. We are using the grant to fund a project entitled "Resuscitating Blood-Substituted Hypothermic Dogs" at the Texas Heart Institute in Houston under the guidance of Dr. George V. Letsou. Dr. Letsou is Associate Professor of Surgery and Director of the Heart Failure Center at the University of Texas Medical School in Houston, Texas. We were granted $149,994 for the project during 2004 and $149,996 during 2005. Through September 30, 2006, $184,186 of the grant funds had been paid to us. The time period for drawing down the remainder of the grant funds was extended for another year, running through March 31, 2007.

BioTime scientists believe the HetaCool program has the potential to produce a product that could be used in very high fluid volumes (50 liters or more per procedure if HetaCool were used as a multi-organ donor preservation solution or to temporarily replace substantially all of the patient's circulating blood volume) in cardiovascular surgery, trauma treatment, and organ transplantation. However, the cost and time to complete the development of HetaCool, including clinical trials, cannot presently be determined.

Until such time as we are able to complete the development of PentaLyte and HetaCool and enter into commercial license agreements for those products and foreign commercial license agreements for Hextend, we will depend upon royalties from the sale of Hextend by Hospira and CJ as our principal source of revenues.

The amount and pace of research and development work that we can do or sponsor, and our ability to commence and complete clinical trials required to obtain FDA and foreign regulatory approval of products, depends upon the amount of money we have. Future research and clinical study costs are not presently determinable due to many factors, including the inherent uncertainty of these costs and the uncertainty as to timing, source, and amount of capital that will become available for these projects. We have already curtailed the pace of our product development efforts due to the limited amount of funds available, and we may have to postpone further laboratory and clinical studies, unless our cash resources increase through growth in revenues, the completion of licensing agreements, additional equity investment, borrowing or third party sponsorship.

Because our research and development expenses, clinical trial expenses, and production and marketing expenses will be charged against earnings for financial reporting purposes, management expects that there will be losses from operations in the near term.

Hextend®, PentaLyte®, and HetaCool® are registered trademarks of BioTime.

Stock-based Compensation Expense

On January 1, 2006, we adopted Statement of Financial Accounting Standard 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)") which requires the measurement and recognition of compensation expense for all share-based payment awards made to our directors and employees including employee stock options based on estimated fair values. Stock based compensation expense recognized under SFAS 123(R) for the nine months ended September 30, 2006 was $43,724 which consisted of stock-based compensation expense related to employee and director stock option grants.

BioTime adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2006, the first day of BioTime's fiscal year 2006. BioTime's condensed consolidated financial statements as of and for the three months ended September 30, 2006, reflect the impact of SFAS 123(R). In accordance with the modified prospective transition method, the condensed consolidated financial statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R). As of September 30, 2006, total unrecognized compensation costs related to unvested stock options was $19,986, which is expected to be recognized as expense over a weighted average period of approximately 0.60 years.

Upon adoption of SFAS 123(R), we began estimating the value of employee stock options on the date of grant using the Black-Scholes Merton model. Prior to the adoption of SFAS 123(R), the value of each employee stock options was estimated on the date of grant using the Black-Scholes Merton model for the purpose of the pro forma financial information in accordance with SFAS 123. The determination of the fair value of share-based payment awards on the date grant using an option pricing model is affected by our stock price as well assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. The use of a Black-Scholes Merton model requires the use of extensive actual employee exercise behavior data and the use of a number of complex assumptions including expected volatility, risk-free interest rate and expected dividend yields. The weighted-average estimated value of employee stock options granted during the nine months ended September 30, 2006 was $0.25 per share using the Black-Scholes Merton model with the following weighted average assumptions:

	Nine Months Ended September 30, 2006
Expected lives in years	5
Risk free interest rates	4.79%
Volatility	93.00%
Dividend yield	0%

The fair value of each option award is estimated on the date of grant using the Black-Scholes Merton option valuation model with the weighted average assumption for volatility, expected term and risk-free rate. The expected term of options grants is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free

rate is based on the U.S. treasury rates in effect during the corresponding period of grant. The expected volatility is a blended rate based on both the historical volatility of our stock price and the volatility of certain peer company stock prices.

As stock-based compensation expense recognized in the condensed consolidated statement of operations for the nine months ended September 30, 2006 is based on awards ultimately expected to vest, estimated forfeitures have been accounted for. SFAS 123 (R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

If factors change and we employ different assumptions in the application of SFAS 123(R) in future periods, the compensation expense that we record under SFAS 123(R) may differ significantly from what we have recorded in the current period.

Results of Operations

Revenues

During the three months ended September 30, 2006, we recognized $46,979 of license fee revenues related to our license agreements with CJ and Summit. The CJ license fee of $800,000, net of the finder's fees, has been deferred and is being recognized as revenue over the life of the contract, which has been estimated to be approximately eight years based on the current expected life of the governing patent covering BioTime's products in Korea. See Notes 2 and 4 to the condensed financial statements.

For the three months ended September 30, 2006, we recognized $250,017 in royalty revenue, whereas we recognized $128,829 for the three months ended September 30, 2005. This increase of 94% in royalties is attributable to an increase in product sales by Hospira, and primarily reflects a growth in sales to the United States Armed Forces, although hospital sales also increased. Purchases by the Armed Forces generally take the form of intermittent, large volume orders, and cannot be predicted with certainty.

Operating Expenses

Research and development expenses were $304,562 for the three months ended September 30, 2006, compared to $401,144 for the three months ended September 30, 2005. This decrease is chiefly attributable to a $61,468 decrease in outside research expenses associated with our PentaLyte clinical trial, and a decrease of $29,078 in scientific consulting costs. For the nine months ended September 30, 2006, research and development expenses totaled $954,369, compared to $1,205,262 for the nine months ended September 30, 2005. This decrease is due primarily to a decrease of $263,061 in outside research expenses associated with our PentaLyte clinical trial. Research and development expenses include clinical trial expenses, laboratory study expenses, salaries, ongoing prosecution of regulatory applications in the United States, and consultants' fees.

General and administrative expenses increased to $301,924 for the three months ended September 30, 2006 from $242,988 for the three months ended September 30, 2005. The major component of this increase was an increase of $82,851 in salaries allocated to general and administrative expense following cessation of the pay-cuts that had been in effect during the third quarter of 2005. For the nine months ended September 30, 2006, general and administrative expenses totaled $1,139,305, compared to $1,031,918 for the nine months ended September 30, 2005. This increase is due primarily to an increase of $118,300 in salaries allocated to general and administrative expenses, an increase of $22,289 in printing costs, an increase of $37,033 in patent costs, an increase of $13,686 in costs for outside services, and an increase of $18,831 in rent expense. These increases were somewhat offset by a decrease of $55,284 in general and administrative consulting fees, a decrease of $26,840 in office expenses, and a decrease of $23,819 in travel and entertainment expenditures.

Interest and Other Income

For the three months ended September 30, 2006, we incurred net interest and other expense of $30,545, compared to expense of $11,358 for the three months ended September 30, 2005. This increase in expense is due to higher interest expense associated with our imputed royalty obligation under our license agreement with Summit, offset by higher interest income, due to larger cash balances following the 2005 Rights Offer. For the nine months ended September 30, 2006, we incurred net interest and other expense of $74,325, compared to expense of $27,982 for the nine months ended September 30, 2005. This increase in expense is due to an increase in the interest rate used in computing the royalty obligation to Summit, which was raised from 12% to 25%. This increase was somewhat offset by an increase in interest income of $18,348.

Income Taxes

During the three months ended September 30, 2006, we incurred no foreign withholding taxes and no income taxes. With respect to Federal and state income taxes, our effective income tax rate differs from the statutory rate due to the 100% valuation allowance established for our deferred tax assets, which relate primarily to net operating loss carryforwards, as realization of such benefits is not deemed to be likely.

Liquidity and Capital Resources

During December 2005, we completed the 2005 Rights Offer through which we raised gross proceeds of $1,787,144 through the sale of 4,467,862 common shares and warrants. See Note 5 to the financial statements.

We have entered into agreements with Summit to develop Hextend and PentaLyte in Japan, the People’s Republic of China, and Taiwan. Summit has sublicensed to Maruishi the right to manufacture and market Hextend in Japan, and the right to manufacture and market Hextend and PentaLyte in China and Taiwan. Summit paid us $500,000 in May 2006 as the initial consideration for the China and Taiwan license.

In April 2006, we entered into a Revolving Line of Credit Agreement (the “Credit Agreement”) with Alfred D. Kingsley, Cyndel & Co., Inc., and George Karfunkel, investors in BioTime, under which we may borrow up to $500,000 for working capital purposes at an interest rate of 10% per annum. We also have a $43,600 line of credit from American Express. See Note 3 to the financial statements.

The major components of our net cash used in operations of approximately $1,072,000 in the first nine months of 2006 can be summarized as follows: total outflows consist of our net loss of approximately $1,486,000, offset by cash inflows of $500,000 from our product development and licensing agreements with Summit and royalty revenues from the sale of Hextend.

At our projected rate of spending, which includes possible spending cuts, we expect that our cash on hand, anticipated royalties from the sale of Hextend, licensing fees, and our available revolving line of credit will allow us to operate through September 30, 2007.

We will need to obtain additional equity capital from time to time in the future, as long as the fees we receive from licensing our products to pharmaceutical companies, profits from sales of our products, and royalty revenues are not sufficient to fund our operations. Sales of additional equity securities could result in the dilution of the interests of present shareholders. The amount of license fees and royalties that may be earned through the licensing and sale of our products and technology, the timing of the receipt of license fee payments, and the future availability and terms of equity financing, are uncertain. The unavailability or inadequacy of financing or revenues to meet future capital needs could force us to modify, curtail, delay or suspend some or all aspects of our planned operations.

We have no contractual obligations as of September 30, 2006, with the exception of a fixed, non-cancelable operating lease on our office and laboratory facilities in Emeryville, California. Under this lease, we are committed to make payments of $10,488 per month, increasing 3% annually, plus our pro rata share of operating costs for the building and office complex, through May 31, 2010.

Item 3. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, including our principal executive officers and our principal financial officer, have reviewed and evaluated our disclosure controls and procedures as of the end of the period covered by this quarterly report on Form 10-QSB. Following this review and evaluation, management has collectively determined that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report on Form 10-QSB.

Changes in Internal Controls

There were no changes in our internal controls over financial reporting during the quarter ended September 30, 2006 that materially affected or that could reasonably likely materially affect our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 6. Exhibits

Exhibit Numbers	Description
3.1	Articles of Incorporation, as Amended †
3.2	Amendment of Articles of Incorporation ****
3.3	By-Laws, As Amended.#
4.1	Specimen of Common Share Certificate.+
4.2	Form of Warrant Agreement between BioTime, Inc. and American Stock Transfer & Trust Company++
4.3	Form of Amendment to Warrant Agreement between BioTime, Inc. and American Stock Transfer & Trust Company. +++
4.4	Form of Warrant+++
10.1	Intellectual Property Agreement between BioTime, Inc. and Hal Sternberg.+
10.2	Intellectual Property Agreement between BioTime, Inc. and Harold Waitz.+
10.3	Intellectual Property Agreement between BioTime, Inc. and Judith Segall.+
10.4	Intellectual Property Agreement between BioTime, Inc. and Steven Seinberg.*
10.5	Agreement between CMSI and BioTime Officers Releasing Employment Agreements, Selling Shares, and Transferring Non-Exclusive License.+
10.6	Agreement for Trans Time, Inc. to Exchange CMSI Common Stock for BioTime, Inc. Common Shares.+
10.7	2002 Stock Option Plan, as amended.##
10.8	Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment).###
10.9	Modification of Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment).^
10.10	Warrant Agreement, dated March 27, 2002, between BioTime, Inc. and Alfred D. Kingsley*
10.11	Warrant for the Purchase of Common Shares, dated August 12, 2002, issued to Ladenburg Thalmann & Co. Inc.**
10.12	Exclusive License Agreement between BioTime, Inc. and CJ Corp.***
10.13	Hextend and PentaLyte Collaboration Agreement between BioTime, Inc. and Summit Pharmaceuticals International Corporation‡
10.14	Lease dated as of May 4, 2005 between BioTime, Inc. and Hollis R& D Associates ‡‡
10.15	Addendum to Hextend and PentaLyte Collaboration Agreement between BioTime, Inc. and Summit Pharmaceuticals International Corporation‡‡‡
10.16	Amendment to Exclusive License Agreement Between BioTime, Inc. and Hospira, Inc.††
10.17	Hextend and PentaLyte China License Agreement between BioTime, Inc. and Summit Pharmaceuticals International Corporation†††
10.18	Revolving Credit Line Agreement between BioTime, Inc, Alfred D. Kingsley, Cyndel & Co., Inc., and George Karfunkel, dated April 12, 2006. (Incorporated by reference to BioTime's Form 10-K for the year ended December 31, 2005)††††
10.19	Security Agreement executed by BioTime, Inc., dated April 12, 2006. (Incorporated by reference to BioTime's Form 10-K for the year ended December 31, 2005) ††††
10.20	Form of Revolving Credit Note of BioTime, Inc. in the principal amount of $166,666.67 dated April 12, 2006. ††††
31	Rule 13a-14(a)/15d-14(a) Certification ++++

32 Section 1350 Certification ++++

† Incorporated by reference to BioTime's Form 10-K for the fiscal year ended June 30, 1998.

+ 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 Registration Statement on Form S-2, File Number 333-109442, filed with the Securities and Exchange Commission on October 3, 2003, and Amendment No.1 thereto filed with the Securities and Exchange Commission on November 13, 2003.

+++ Incorporated by reference to Registration Statement on Form S-2, File Number 333-128083 filed with the Securities and Exchange Commission on September 2, 2005.

Incorporated by reference to Registration Statement on Form S-8, File Number 333-101651 filed with the Securities and Exchange Commission on December 4, 2002 and Registration Statement on Form S-8, File Number 333-122844 filed with the Securities and Exchange Commission on February 23, 2005.

Incorporated by reference to BioTime's Form 8-K, filed April 24, 1997.

^ Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 1999.

* Incorporated by reference to BioTime's Form 10-K for the year ended December 31, 2001.

** Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 2002.

***Incorporated by reference to BioTime's Form 10-K/A-1 for the year ended December 31, 2002.

‡ Incorporated by reference to BioTime's Form 8-K filed December 30, 2004.

‡‡Incorporated by reference to Post-Effective Amendment No. 3 to Registration Statement on Form S-2 File Number 333-109442, filed with the Securities and Exchange Commission on May 24, 2005

‡‡‡ Incorporated by reference to BioTime's Form 8-K filed December 20, 2005.

††Incorporated by reference to BioTime's Form 8-K filed January 13, 2006

†††Incorporated by reference to BioTime's Form 8-K filed March 30, 2006

†††† Incorporated by reference to BioTime's Form 10-K for the year ended December 31, 2005.

**** Incorporated by reference to BioTime's Form 10-QSB for the quarter ended June 30, 2006.

++++Filed herewith

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: November 14, 2006

By: /s/ Judith Segall
Judith Segall
Vice-President - Operations
Member, Office of the President*

Date: November 14, 2006

By: /s/ Hal Sternberg
Hal Sternberg
Vice-President - Research
Member, Office of the President*

Date: November 14, 2006

By: /s/ Harold Waitz
Harold Waitz
Vice-President - Regulatory Affairs
Member, Office of the President*

Date: November 14, 2006

By: /s/ Steven A. Seinberg
Steven A. Seinberg
Chief Financial Officer

* The Office of the President is comprised of the three above-referenced executive officers of BioTime who collectively exercise the powers of the Chief Executive Officer

Exhibit Numbers	Description
3.1	Articles of Incorporation, as Amended †
3.2	Amendment of Articles of Incorporation ****
3.3	By-Laws, As Amended.#
4.1	Specimen of Common Share Certificate.+
4.2	Form of Warrant Agreement between BioTime, Inc. and American Stock Transfer & Trust Company++
4.3	Form of Amendment to Warrant Agreement between BioTime, Inc. and American Stock Transfer & Trust Company. +++
4.4	Form of Warrant+++
10.1	Intellectual Property Agreement between BioTime, Inc. and Hal Sternberg.+
10.2	Intellectual Property Agreement between BioTime, Inc. and Harold Waitz.+
10.3	Intellectual Property Agreement between BioTime, Inc. and Judith Segall.+
10.4	Intellectual Property Agreement between BioTime, Inc. and Steven Seinberg.*
10.5	Agreement between CMSI and BioTime Officers Releasing Employment Agreements, Selling Shares, and Transferring Non-Exclusive License.+
10.6	Agreement for Trans Time, Inc. to Exchange CMSI Common Stock for BioTime, Inc. Common Shares.+
10.7	2002 Stock Option Plan, as amended.##
10.8	Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment).###
10.9	Modification of Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment).^
10.10	Warrant Agreement, dated March 27, 2002, between BioTime, Inc. and Alfred D. Kingsley*
10.11	Warrant for the Purchase of Common Shares, dated August 12, 2002, issued to Ladenburg Thalmann & Co. Inc.**
10.12	Exclusive License Agreement between BioTime, Inc. and CJ Corp.***
10.13	Hextend and PentaLyte Collaboration Agreement between BioTime, Inc. and Summit Pharmaceuticals International Corporation‡
10.14	Lease dated as of May 4, 2005 between BioTime, Inc. and Hollis R& D Associates ‡‡
10.15	Addendum to Hextend and PentaLyte Collaboration Agreement between BioTime, Inc. and Summit Pharmaceuticals International Corporation‡‡‡
10.16	Amendment to Exclusive License Agreement Between BioTime, Inc. and Hospira, Inc.††
10.17	Hextend and PentaLyte China License Agreement between BioTime, Inc. and Summit Pharmaceuticals International Corporation†††
10.18	Revolving Credit Line Agreement between BioTime, Inc, Alfred D. Kingsley, Cyndel & Co., Inc., and George Karfunkel, dated April 12, 2006. (Incorporated by reference to BioTime's Form 10-K for the year ended December 31, 2005)††††
10.19	Security Agreement executed by BioTime, Inc., dated April 12, 2006. (Incorporated by reference to BioTime's Form 10-K for the year ended December 31, 2005) ††††
10.20	Form of Revolving Credit Note of BioTime, Inc. in the principal amount of $166,666.67 dated April 12, 2006. ††††
31	Rule 13a-14(a)/15d-14(a) Certification ++++
32	Section 1350 Certification ++++

† Incorporated by reference to BioTime's Form 10-K for the fiscal year ended June 30, 1998.

+ 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 Registration Statement on Form S-2, File Number 333-109442, filed with the Securities and Exchange Commission on October 3, 2003, and Amendment No.1 thereto filed with the Securities and Exchange Commission on November 13, 2003.

+++ Incorporated by reference to Registration Statement on Form S-2, File Number 333-128083 filed with the Securities and Exchange Commission on September 2, 2005.

Incorporated by reference to Registration Statement on Form S-8, File Number 333-101651 filed with the Securities and Exchange Commission on December 4, 2002 and Registration Statement on Form S-8, File Number 333-122844 filed with the Securities and Exchange Commission on February 23, 2005.

Incorporated by reference to BioTime's Form 8-K, filed April 24, 1997.

^ Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 1999.

* Incorporated by reference to BioTime's Form 10-K for the year ended December 31, 2001.

** Incorporated by reference to BioTime's Form 10-Q for the quarter ended June 30, 2002.

***Incorporated by reference to BioTime's Form 10-K/A-1 for the year ended December 31, 2002.

‡ Incorporated by reference to BioTime's Form 8-K filed December 30, 2004.

‡‡Incorporated by reference to Post-Effective Amendment No. 3 to Registration Statement on Form S-2 File Number 333-109442, filed with the Securities and Exchange Commission on May 24, 2005

‡‡‡ Incorporated by reference to BioTime's Form 8-K filed December 20, 2005.

††Incorporated by reference to BioTime's Form 8-K filed January 13, 2006

†††Incorporated by reference to BioTime's Form 8-K filed March 30, 2006

†††† Incorporated by reference to BioTime's Form 10-K for the year ended December 31, 2005.

**** Incorporated by reference to BioTime's Form 10-QSB for the quarter ended June 30, 2006.

++++Filed herewith

CERTIFICATIONS Exhibit 31

I, Judith Segall, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of BioTime, Inc.;

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

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

4. The small business issuer’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) for the small business issuer and have:

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

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

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

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

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

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

Date: November 14, 2006

/s/ Judith Segall
Judith Segall
Vice-President - Operations
Member, Office of the President*

* The Office of the President is comprised of the three executive officers of the small business issuer who collectively exercise the powers of the Chief Executive Officer

CERTIFICATIONS

I, Hal Sternberg, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of BioTime, Inc.;

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

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

4. The small business issuer’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) for the small business issuer and have:

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

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

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

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

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

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

Date: November 14, 2006

/s/ Hal Sternberg
Hal Sternberg
Vice-President - Research
Member, Office of the President*

* The Office of the President is comprised of the three executive officers of the issuer who collectively exercise the powers of the Chief Executive Officer

CERTIFICATIONS

I, Harold Waitz, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of BioTime, Inc.;

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

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

4. The small business issuer’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) for the small business issuer and have:

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

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

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

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

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

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

Date: November 14, 2006

/s/ Harold Waitz
Harold Waitz
Vice-President - Regulatory Affairs
Member, Office of the President*

* The Office of the President is comprised of the three executive officers of the issuer who collectively exercise the powers of the Chief Executive Officer

CERTIFICATIONS

I, Steven A. Seinberg, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of BioTime, Inc.;

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

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

4. The small business issuer’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) for the small business issuer and have:

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

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

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

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

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

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

Date: November 14, 2006

/s/ Steven A. Seinberg
Steven A. Seinberg
Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-QSB of BioTime, Inc. (the ACompany@) for the quarter ended September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the AReport@), we, Judith Segall, Hal Sternberg, and Harold Waitz, collectively the Office of the President, and Steven A. Seinberg, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 14, 2006

/s/ Judith Segall
Judith Segall
Vice-President - Operations
Member, Office of the President*

/s/ Hal Sternberg
Hal Sternberg
Vice-President - Research
Member, Office of the President*

/s/ Harold Waitz
Harold Waitz
Vice-President - Regulatory Affairs
Member, Office of the President*

/s/ Steven A. Seinberg
Steven A. Seinberg
Chief Financial Officer

* The Office of the President is comprised of the three above-referenced executives of the Company who collectively exercise the powers of the Chief Executive Officer