DRAFT

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended September 30, 2001

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. 11,596,229 common shares, no par value, as of November 8, 2001.

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,
(A Development Stage Company)

CONDENSED BALANCE SHEETS
(Unaudited)

ASSETS	September 30, 2001	December 31, 2000
CURRENT ASSETS		
Cash and cash equivalents	$ 1,937,086	$ 1,318,338
Prepaid expenses and other current assets	251,794	122,648
Total current assets	2,188,880	1,440,986
EQUIPMENT, Net of accumulated depreciation of $396,517and $332,777	184,957	226,598
DEPOSITS AND OTHER ASSETS	9,900	9,900
TOTAL ASSETS	$ 2,383,737	$ 1,677,484
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 102,232	$ 359,749
Debentures	3,350,000	0
Total current liabilities	3,452,232	359,749
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 40,000,000 shares; issued and outstanding 10,891,031and 11,426,604	28,948,906	28,360,007
Contributed Capital	93,973	93,972
Deficit accumulated during development stage	(30,111,374)	(27,136,244)
Total shareholders' equity	(1,068,495)	1,317,735
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,383,737	$ 1,677,484

See notes to financial statements.

BIOTIME, INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Nine Months Ended		Period from Inception (November 30, 1990) to
	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000	September 30, 2001
REVENUE:					
License fee	$ --	$ --	$ --	$ --	$ 2,500,000
Royalty	36,416	--	99,069	--	159,257
Total revenue	$ 36,416	$ --	$ 99,069	$ --	$ 2,659,257
EXPENSES:					
Research and development	(236,481)	(847,035)	(1,381,086)	(2,687,112)	(21,277,617)
General and administrative	(734,024)	(438,654)	(1,779,601)	(1,362,835)	(13,250,896)
Total expenses	(970,505)	(1,285,689)	(3,160,687)	(4,049,947)	(34,528,513)
INTEREST AND OTHER INCOME:	30,722	60,734	24,816	175,284	1,782,713
NET LOSS	$ (903,367)	$ (1,224,955)	$ (3,036,802)	$ (3,874,663)	$(30,111,374)
BASIC AND DILUTED LOSS PER SHARE	$ (0.08)	$ (0.11)	$ (0.18)	$ (0.36)	
COMMON AND EQUIVALENT SHARES USED IN COMPUTING PER SHARE AMOUNTS:					
BASIC AND DILUTED	11,566,698	10,914,073	17,308,632	10,899,426	

See notes to financial statements.

BIOTIME, INC.
(A Development Stage Company)

STATEMENTS OF SHAREHOLDERS' EQUITY

	Series A Convertible Preferred Shares		Common Shares			Deficit Accumulated During
	Number of Shares	Amount	Number of Shares	Amount	Contributed Capital	Development Stage
BALANCE, November 30, 1990 (date of inception)	--	--	--	--	--	--
NOVEMBER 1990:						
Common shares issued for cash			1,312,758	$ 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		
JANUARY-JUNE 1995:						
Common shares repurchased with cash			(253,800)	(190,029)		
JULY 1995-JUNE 1996:						
Common shares issued for cash			608,697	1,229,670		
Common shares repurchased with cash			(18,600)	(12,693)		
Common shares warrants and options granted for services				356,000		
NET LOSS						(8,064,471)
BALANCE AT JUNE 30, 1996	--	$ --	8,269,560	$10,834,575	$93,972	$(8,089,302)

See notes to financial statements.

(Continued)

BIOTIME, INC.
(A Development Stage Company)

STATEMENTS OF SHAREHOLDERS' EQUITY

(Continued)	Series A Convertible Preferred Shares		Common Shares			Deficit Accumulated
	Number of Shares	Amount	Number of Shares	Amount	Contributed Capital	During Development Stage
JULY 1996 - JUNE 1997:						
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		
JULY 1997 - JUNE 1998:						
Common shares issued for cash (exercise of options)			337,500	887,690		
Common shares warrants and options granted for service				38,050		
Common shares issued for services			500	6,250		
JULY 1998 - DECEMBER 1998:						
Common shares issued for cash (exercise of options and warrants)			84,000	395,730		
Common shares options granted for services				50,000		
Common shares issued for services			1,500	18,750		
NET LOSS						(8,642,034)
BALANCE AT DECEMBER 31, 1998	--	--	10,033,076	19,022,116	93,972	(16,731,336)
Common shares issued for cash (less offering costs of $128,024)			751,654	7,200,602		
Common shares issued for cash and exchange for 2,491 common shares which were canceled (exercise of options)			65,509	199,810		
Common shares issued for services			792	9,900		
Common shares warrant donated				552,000		
Common shares issued for cash (exercise of warrant)			40,000	20,000		
Options granted for services				195,952		
NET LOSS						(5,479,884)
BALANCE AT DECEMBER 31, 1999	--	--	10,891,031	27,200,380	93,972	(22,211,220)

See notes to financial statements.

(Continued)

BIOTIME, INC.
(A Development Stage Company)

STATEMENTS OF SHAREHOLDERS' EQUITY

(Continued)	Series A Convertible Preferred Shares		Common Shares			Deficit Accumulated During Development Stage
	Number of Shares	Amount	Number of Shares	Amount	Contributed Capital	
Common Shares issued for services - -unaudited			17,661	131,525		
Exercise of Options - unaudited			51,000	51,000		
Exercise of Warrants (less issuance cost of $36,176) - unaudited			466,912	864,964		
Options granted for services - unaudited				112,138		
NET LOSS - unaudited						(4,925,024)
BALANCE AT DECEMBER 31, 2000 - unaudited	--	$ --	11,426,604	$28,360,007	$ 93,972	$ (27,136,244)
Common Shares issued for services - unaudited			17,803	136,175		
Common Shares issued for cash and exchange for 5,590 common shares which were canceled (exercise of options) - unaudited			57,949	16,500		
Common Shares issued in exchange for 3,705 shares which were canceled (exercise of options) - unaudited			16,055	0		
Exercise of warrants - unaudited			77,818	182,872		
Common shares warrants granted for services - unaudited				254,595		
Options granted for services - unaudited				(1,243)		
NET LOSS - unaudited						(3,036,802)
BALANCE AT SEPTEMBER 30, 2001 - unaudited	--	$ --	11,596,229	$28,948,906	$ 93,972	$ (30,173,046)

See notes to financial statements. (Concluded)

BIOTIME, INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,		Period from Inception (November 30, 1990)
	2001	2000	to September 30, 2001
OPERATING ACTIVITIES:			
Net loss	$(3,036,802)	$(3,874,663)	$(30,148,215)
Adjustments to reconcile net loss to net cash used in operating activities:			
Deferred Revenue	--	--	(1,000,000)
Depreciation	54,018	56,130	406,123
Cost of Donation - warrants	--	--	552,000
Cost of Services - options and warrants	202,178	231,864	1,243,743
Supply Reserves	--	--	200,000
Changes in operating assets and liabilities:			
Research and development supplies on hand	--	--	(200,000)
Prepaid expenses and other current assets	54,123	69,711	(68,526)
Deposits and other assets	--	--	(9,900)
Accounts payable	(199,328)	(481,597)	160,421
License fee receivables	--	--	--
Deferred revenue	--	--	1,000,000
Net cash used in operating activities	(2,925,811)	(3,998,555)	(27,864,354)
INVESTING ACTIVITIES:			
Sale of investments	--	--	197,400
Purchase of short-term investments	--	--	(9,946,203)
Redemption of short-term investments	--	--	9,946,203
Purchase of equipment and furniture	(5,116)	(33,402)	(567,393)
Net cash used in investing activities	(5,116)	(33,402)	(369,993)
FINANCING ACTIVITIES:			
Loans/Debentures	3,350,000	--	3,350,000
Issuance of preferred shares for cash	--	--	600,000
Preferred shares placement costs	--	--	(125,700)
Issuance of common shares for cash	--	--	23,701,732
Common shares placement costs	--	(36,177)	(2,216,497)
Net proceeds from exercise of common share options and warrants	199,372	795,952	5,011,601
Contributed capital - cash	--	--	77,547
Dividends paid on preferred shares	--	--	(24,831)
Repurchase Common Shares	--	--	(202,722)
Net cash provided by financing activities	3,549,372	759,775	30,171,130
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	618,445	(3,272,182)	1,936,783
CASH AND CASH EQUIVALENTS:			
At beginning of period	1,318,338	5,292,806	--
At end of period	$ 1,936,783	$ 2,020,624	$ 1,936,783

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(Continued)

BIOTIME, INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,		Period from Inception (November 30, 1990) to September 30, 2001
	2001	2000	
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	$254,595	$ 82,065	$1,129,735
Issuance of common shares in exchange for services	$131,175	$ 149,799	$ 292,600
Granting of warrant for donation			$ 552,000

See notes to condensed financial statements. (Concluded)

BIOTIME, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

1. GENERAL AND DEVELOPMENT STAGE ENTERPRISE

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

The balance sheet as of September 30, 2001, the statements of operations for the three months and nine months ended September 30, 2001 and 2000 and the period from inception (November 30, 1990) to September 30, 2001, the statement of shareholders' equity for the nine month period ended September 30, 2001, and the statements of cash flows for the nine months ended September 30, 2001 and 2000 and the period from inception (November 30, 1990) to September 30, 2001 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 financial position, results of operations, shareholders' equity and cash flows at September 30, 2001 and for all periods presented have been made. The balance sheet as of December 31, 2000 is derived from the Company's audited financial statements as of that date. The results of operations for the period ended September 30, 2001 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 the Company's Form 10-K for the year ended December 31, 2000.

Certain Significant Risks and Uncertainties - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such management estimates include certain accruals. Actual results could differ from those estimates.

The Company's operations are subject to a number of factors that can affect its operating results and financial condition. Such factors include but are not limited to the following: the results of clinical trials of the Company's products; the Company's ability to obtain United States Food and Drug Administration 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 Company products; 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 limited operating revenues and has incurred operating losses of $30,086,544 from inception to September 30, 2001. 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 revenues adequate to support the Company's cost structure.

2. RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," (SFAS 133). SFAS 133, as amended, requires that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded on the balance sheet at its fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. The Company adopted SFAS 133, as amended, effective January 1, 2001. The adoption of SFAS 133, as amended, did not have a significant impact on the financial position, results of operations or cash flows of the Company as the Company had no stand-alone or embedded derivatives at June 30, 2001, and had not historically entered into any derivative transactions to hedge currency or other exposures.

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS No. 140 replaces SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." It revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but carries over most of SFAS No. 125's provisions without reconsideration. The Company has adopted the applicable disclosure requirements of SFAS No. 140 in its consolidated financial statements as of March 31, 2001. Adoption of the remaining provisions of SFAS No. 140, which were effective for transactions entered into after March 31, 2001, did not have any impact on the Company's financial position or results of operations.

3. LICENSE AGREEMENT

In April 1997, BioTime and Abbott Laboratories ("Abbott") entered into an Exclusive License Agreement (the "License Agreement") under which BioTime 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 paid the Company $2,500,000 of license fees based upon achievement of specified milestones. 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 increment of $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.

The Company recognizes such revenues in the quarter in which a sales report is received, rather than the quarter in which the sales took place, as the Company does not have sufficient sales history to accurately predict quarterly sales. Revenues for the three months ended September 30, 2001 include royalties on sales made by Abbott during the three months ended June 30, 2001. Royalties on sales made during the third quarter of 2001 will not be recognized by the Company until the fourth quarter.

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. Management believes that the probability of payments of any termination fee by the Company is remote.

4. DEBENTURES

During August 2001, the Company received loans, and commitments to loan, $3,350,000 through the sale of debentures to a group of private investors, including Alfred D. Kingsley who purchased $1,500,000 of debentures, and Milton Dresner, a director of the Company. Mr. Kingsley's investment included the conversion of the outstanding principal balance of the line of credit, which was $1,000,000 at the date of the sale of the debentures.

Interest on the debentures is payable at an annual rate of 10% and is payable semiannually. The principal amount of the debentures will be due and payable on August 1, 2004. BioTime may prepay the debentures, in whole or in part, at any time without premium or penalty. Under the

terms of the debentures BioTime has agreed that commencing October 1, 2001 it will restrict its quarterly cash payments for operating expenses to not more than $450,000 (excluding interest payable on the debentures) plus the amount of cash revenues (excluding interest and dividends) it collects for the quarter. That restriction will expire when BioTime obtains at least $5,000,000 in cash through sales of equity securities or pays off the debenture indebtedness in full. For this purpose, cash revenues will include royalties, license fees, and other proceeds from the sale or licensing of its products and technology, but will not include interest, dividends, and any monies borrowed or the proceeds from the issue or sale of any debt or equity securities. BioTime has also agreed not to declare or pay any cash dividends on its capital stock or to redeem or repurchase any shares of its capital stock, until it has paid off the debenture indebtedness in full.

Investors who purchased the debentures also received warrants to purchase a total of 515,383 common shares at an exercise price of $6.50 per share. The warrants will expire if not exercised by August 1, 2004. The Company has the right to call the warrants for redemption at a redemption price of $0.01 per share if the closing price of the Company's common shares on the American Stock Exchange equals or exceeds 150% of the exercise price for fifteen (15) consecutive trading days and the shares issuable upon the exercise of the warrants have been registered for sale under the Securities Act of 1933, as amended (the "Securities Act").

5. SHAREHOLDERS' EQUITY

The Board of Directors of the Company adopted the 1992 Stock Option Plan (the "Plan") during September 1992. The Plan 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 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 Option Committee. As of September 30, 2001, 445,500 shares were available for future grants under the Option Plan; and options to purchase 421,701 had been granted and were outstanding at exercise prices ranging from $1.00 to $18.25. Of the options granted to consultants, options to purchase 60,000 common shares vest upon achievement of certain milestones. The Company is amortizing into compensation the estimated fair value of such options ($354,791 at September 30, 2000), subject to remeasurement at the end of each reporting period, over the period estimated to achieve such milestones (one to two years). Compensation expense recognized on these options during the nine months ended September 30, 2000 was approximately $30,066 and was recorded as research and development expense.

During April 1998, the Company entered into a financial advisory services agreement with Greenbelt Corp. The agreement provided for an initial payment of $90,000 followed by an advisory fee of $15,000 per month that was paid quarterly. On August 11, 2000, the Board of Directors approved the renewal of this agreement for a period of twelve months ending March 31, 2001, but instead of cash compensation Greenbelt Corp. received 30,000 common shares in four

quarterly installments of 7,500 shares each. The value of the quarterly installments was recognized in the quarter they were earned. Under the agreement, upon the request of Greenbelt Corp., the Company will file a registration statement to register the shares for public sale.

6. NET INCOME 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. Diluted earnings (loss) per share for the three months ended September 30, 2001 and the nine months ended September 30, 2001 exclude any effect from such securities 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.

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 which have culminated in the commercial launch of Hextend, its lead product, and a clinical trial of PentaLyte. The Company's operating revenues have been generated primarily from licensing fees, including $2,500,000 received from Abbott Laboratories for the right to manufacture and market Hextend(R) in the United States and Canada. As a result of the developmental nature of its business and the limited sales of its product, since the Company's inception in November 1990 it has incurred $ 30,111,374 of losses. 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.

Most of the Company's research and development efforts have been devoted to the Company's first three blood volume replacement products: Hextend,(R) PentaLyte,(R) and HetaCool.(TM) By testing and bringing all three products to the market, BioTime can increase its 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, BioTime may also create new market segments for its product line.

The Company's first product, Hextend, is a physiologically balanced blood plasma volume expander, for the treatment of hypovolemia. Hextend is being sold in the United States by Abbott Laboratories under an exclusive license from the Company. Abbott also has the right to sell Hextend in Canada, where an application for marketing approval is pending. Abbott also has a right to obtain licenses to manufacture and sell other BioTime products.

Under its License Agreement with the Company, Abbott will report sales of Hextend and pay the Company the royalties and license fees due on account of such sales within 90 days after the end of each calendar quarter. The Company recognizes such revenues in the quarter in which the sales report is received, rather than the quarter in which the sales took place, as the Company does not have sufficient sales history to accurately predict quarterly sales. Hextend sales are still in the ramp-up phase. Revenues for the three months ended September 30, 2001 were $36,416 and consist of royalties on sales of $669,409 made by Abbott during the period beginning April 1, 2001 and ending June 30, 2001. This represents an increase of approximately 21.6% over sales for the first quarter of this year. Sales of Hextend for the first six months of 2001 were $1,220,102, up from $516,839 during the same period last year, representing a 136% increase.

Royalty revenues of $52,848 received from third quarter sales of $971,472 will be recognized by the Company during fourth quarter ending December 31, 2001. Sales of Hextend for the first nine months of 2001 were $2,191,544, up from $868,914 during the same period last year, representing a 152% increase.

Third quarter sales results for 2001 reflect a 45% increase in sales over the second quarter, which is more than twice the 21.6% rate of increase from the first to the second quarter of this year. The

Company sees these increase in sales for the third quarter as significant because it came during the summer quarter, a period during which sales declined slightly during the previous year, presumably due to a decline in elective surgeries while patients and physicians were on vacation. The increase also comes despite a decline in sales following the events of September 11, 2001 which disrupted commerce and travel and caused the postponement of elective surgeries, especially in the New York metropolitan area. The Company expects Hextend sales growth to accelerate now that clinical trial results and an aggressive marketing effort have allowed physicians to become more familiar with the benefits that can be obtained for their patients by using Hextend.

Abbott's marketing strategy is designed to reach its target customer base through sales calls and an advertising campaign focused on the use of a plasma-like substance to replace lost blood volume and the ability of Hextend to support vital physiological processes.

As part of the marketing program, a number of studies have been conducting that show the advantages of receiving Hextend and other BioTime products during surgery. The results of a clinical trial by NJ Wilkes et al performed in England and entitled "The effects of balanced versus saline-based hetastarch and crystolloid solutions on acid-base and electrolyte status and gastric mucosal perfusion in elderly surgical patients" has been published in the October 2001 edition of Anesthesia and Analgesia, and underscores a number of Hextend benefits including maintenance of normal acid-base balance, blood calcium and chloride levels and perfusion of portions of the gastro-intestinal tract. As future studies such as these are completed, the results will be presented at medical conferences and articles will be written for publication in medical journals. The Company is also aware of independent studies using Hextend that are being conducted by physicians and hospitals who may publish their findings in medical journals or report their findings at medical conferences. The outcome of future medical studies and timing of the publication or presentation of the results could have an effect on Hextend sales.

Hextend has been approved for use and added to hospital formularies in hundreds of hospitals. Inclusion on hospital formularies is important because it enables physicians to obtain Hextend without the need to special order it. Obtaining formulary approval can be a lengthy process and may require diligent efforts. Hextend has already become the standard plasma volume expander at a number of prominent teaching hospitals and leading medical centers. BioTime feels that as Hextend use proliferates within the leading US hospitals, other smaller hospitals will follow their lead and accelerate sales growth.

Hextend is being is being evaluated by a number of military physicians as a plasma volume expander in the treatment of hypovolemia in combat casualties. This was the topic of a number of formal presentations and discussions at Combat Fluid Resuscitation 2001, a meeting held at the Uniformed Services University of the Health Sciences in Bethesda, Maryland in June, 2001, under their auspices and that of the Office of Naval Research and the US Army Medical Research and Materiel Command. Additionally, a meeting was held at Hahnemann University Medical College of Pennsylvania in Philadelphia on October 8, 2001 at which military and civilian medical and scientific personnel discussed making recommendations to the United States military on the use of intravenous fluids and medical devices to treat combat casualties. Hextend was among the fluids considered during this meeting.

The Company has completed a Phase I clinical trial of PentaLyte and is planning the next phase of its clinical trials in which PentaLyte will be used to treat hypovolemia in surgery.

The Company is also continuing to develop solutions for low temperature surgery. Once a sufficient amount of data from successful low temperature surgery has been compiled, the Company plans to seek permission to use Hextend as a complete replacement for blood under near-freezing

conditions. BioTime currently plans to market Hextend for complete blood volume replacement at very low temperatures under the registered trade mark "HetaCool(TM)" after FDA approval is obtained.

BioTime has recently launched a research program using HetaCool in animal models of trauma at the State University of New York Health Science Center in Brooklyn. Preliminary laboratory results there have already supported the feasibility of using HetaCool to treat subjects following severe hemorrhage. The use of HetaCool at near-freezing temperatures also will be studied in animal models of cardiovascular surgery at the Texas Heart Institute in Houston. The project has been approved by the appropriate internal committees, and is awaiting the beginning of experimentation.

BioTime scientists believe that 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 an organ preservation solution or to temporarily replace substantially all of the patient's circulating blood volume) in cardiovascular surgery, trauma treatment, and organ transplantation.

Abbott has an option to obtain a license to market PentaLyte and HetaCool in the United States and Canada, and BioTime would receive additional license fees if those options are exercised, in addition to royalties on subsequent sales of those products. BioTime and certain pharmaceutical companies are discussing potential manufacturing, distributing and marketing agreements for BioTime products in the rest of the world.

In order to commence clinical trials for regulatory approval of new products or new therapeutic uses of products, 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 a previous filing. Filings with foreign regulatory agencies will be required to commence clinical trials overseas. The Company's application to market Hextend in Canada has been found acceptable for review as a New Drug Submission by the Canadian Health Protection Branch (HPB), and the Company is currently awaiting completion of HPB's review of that application. During the third quarter of 2000, the Company filed its first application for approval in a European Union member nation, Sweden. Regulatory approvals for other countries that are members of the European Union may be obtained through a mutual recognition process. If approvals can be obtained in the requisite number of member nations, then the Company would be permitted to market Hextend in all 16 member nations. BioTime is continuing to work with the appropriate officials to achieve regulatory approval in Canada and Sweden.

In addition to developing clinical trial programs, 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 there will be losses from operations from time to time during the near 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 September 30, 2001, the Company recognized $2,500,000 of license fee revenues. All license fees based upon milestones under the Abbott License

Agreement were earned prior to the quarter ended September 30, 2000. See Note 3 to the accompanying financial statements.

From inception (November 30, 1990) through September 30, 2001, the Company has recognized $159,257 in royalty revenue based on product sales. For the three months ended September 30, 2001, the Company recognized $36,416 in royalty revenue, whereas the Company recognized $19,592 for the three months ended September 30, 2000. This increase 86% increase in royalties is attributable to an increase in product sales. For the nine months ended September 30, 2001, the Company recognized $99,069 in royalty revenue, as compared to the $32,711 during the nine months ended September 30, 2000; again, this 203% increase in royalties is attributable to an increase in product sales. See Note 3 to the accompanying financial statements.

Operating Expenses

From inception (November 30, 1990) through September 30, 2001, the Company incurred $21,277,617 of research and development expenses, including salaries, supplies, and other related expense items. Research and development expenses were $236,481 for the three months ended September 30, 2001, compared to $816,969 for the three months ended September 30, 2000. For the nine months ended September 30, 2001, research and development expenses were $1,332,267 compared to $2,687,112 for the nine months ended September 30, 2000. These differences are attributable to a significant decrease in spending with respect to clinical trials and preclinical research. Research and development expenses include laboratory study expenses, clinical trial expenses, salaries, preparation of additional regulatory applications in the United States and Europe, manufacturing of solution for trials, and consultants' fees. It is expected that research and development expenses will increase as the Company commences new clinical studies of its products in the United States and Europe, although the commencement of new clinical trials depends upon the availability of capital.

From inception (November 30, 1990) through September 30, 2001, the Company incurred $13,250,896 in general and administrative expenses. General and administrative expenses were $734,024 for the three months ended September 30, 2001 compared to $363,330 for the three months ended September 30, 2000. General and administrative expenses increased to $1,782,396 for the nine months ended September 30, 2001 from $1,362,835 for the nine months ended September 30, 2000. These increases are attributable to a rise in personnel costs. General and administrative expenses include salaries, consultants' fees, and general operating expenses.

Most of the Company's employees have agreed to participate in a compensation reduction program designed to permit the Company to conserve cash without implementing an immediate workforce reduction while it seeks new capital. This program, which began during August 2001, includes the deferral of one month of salary for most participants, and a salary reduction for ensuing months. The salary reductions will range from 56% to 78% for participating executive officers, and 14% to 38% for other participating employees. The duration of the program depends upon a number of factors such as the amount of time it takes to raise additional capital, the amount of capital raised, and the willingness of employees to continue to work for the Company at the reduced compensation rates. The Company is also negotiating with its consultants to restructure their compensation arrangements.

Interest and Other Income

From inception (November 30, 1990) through September 30, 2001, the Company generated $1,782,713 of interest and other income. For the three months ended September 30, 2001, the Company generated $30,722 of interest and other income, compared to $60,734 for the three months ended

September 30, 2000. The Company generated $40,464 of interest and other income for the nine months ended September 30, 2001, compared to $175,284 generated for the nine months ended September 30, 2000. These decreases are attributable to much lower average cash balances and lower interest rates during the first three quarters of 2001.

Liquidity and Capital Resources

Since inception, the Company has primarily financed its operations through the sale of equity securities, licensing fees, and borrowings. During August 2001, the Company received loans of $3,350,000 through the sale of debentures to a group of private investors, including Alfred D. Kingsley, an investor and consultant to the Company, who purchased $1,500,000 of debentures, and Milton Dresner, a director of the Company. Mr. Kingsley's investment included the conversion of the $1,000,000 principal balance of a line of credit that he had previously provided.

Interest on the debentures is payable at an annual rate of 10% and is payable semiannually. The principal amount of the debentures will be due and payable on August 1, 2004. BioTime may prepay the debentures, in whole or in part, at any time without premium or penalty. Under the terms of the debentures BioTime has agreed that commencing October 1, 2001 it will restrict its quarterly cash payments for operating expenses to not more than $450,000 (excluding interest payable on the debentures) plus the amount of cash revenues (excluding interest and dividends) it collects for the quarter. That restriction will expire when BioTime obtains at least $5,000,000 in cash through sales of equity securities or pays off the debenture indebtedness in full. For this purpose, cash revenues will include royalties, license fees, and other proceeds from the sale or licensing of its products and technology, but will not include interest, dividends, and any monies borrowed or the proceeds from the issue or sale of any debt or equity securities. BioTime has also agreed not to declare or pay any cash dividends on its capital stock or to redeem or repurchase any shares of its capital stock, until it has paid off the debenture indebtedness in full.

Investors who purchased the debentures also received warrants to purchase a total of 515,383 common shares at an exercise price of $6.50 per share. The warrants will expire if not exercised by August 1, 2004. The Company has the right to call the warrants for redemption at a redemption price of $0.01 per share if the closing price of the Company's common shares on the American Stock Exchange equals or exceeds 150% of the exercise price for fifteen (15) consecutive trading days and the shares issuable upon the exercise of the warrants have been registered for sale under the Securities Act of 1933, as amended (the "Securities Act").

The Company has engaged Shoreline Pacific, LLC to provide investment banking services. It is also in discussion with other investment bankers on a non-exclusive basis. BioTime needs additional equity capital and fees from licensing its products to pharmaceutical companies to continue its current operations, to begin clinical trials of PentaLyte, 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. The amount of license fees and royalties that may be earned through the licensing and sale of the Company's products and technology, the timing of the receipt of license fee payments, and the future availability and terms of equity financing, is uncertain. 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.

PART II - OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds.

Directors of the Company who are not employees receive an annual fee of $20,000, which may be paid in cash or in common shares, at the election of the director. During the three months ended September 30, 2001, the Company issued 862 common shares to Milton D. Dresner in lieu of a cash fee for serving as a director. The shares were issued without registration under the Securities Act pursuant to the exemption provided in Section 4(2).

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

The Company held its annual meeting of shareholders on July 30, 2001. At the meeting, the shareholders elected directors and voted to ratify the appointment of the Company's independent auditors.

The following table presents the results of the vote for the election of directors.

Director	Votes For	Votes Withheld
Ronald S. Barkin	10,936,167	90,960
Victoria Bellport*	10,936,167	90,960
Milton H. Dresner	10,936,167	90,960
Katherine Gordon	10,936,167	90,960
Jeffrey B. Nickel	10,936,167	90,960
Judith Segall	10,936,167	90,960
Paul Segall	10,936,167	90,960
Hal Sternberg	10,936,167	90,960
Harold Waitz	10,936,167	90,960

*Victoria Bellport has since resigned from board of directors.

There were 10,964,601 votes for the ratification of the appointment of the Company's independent auditors, 42,694 votes against, and 19,832 abstentions and broker non-votes.

Item 6. Exhibits and Reports of 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.^

10.17 Addenda to Lease Agreement between the Company and Donn Logan.%

10.18 Amendment to Employment Agreement between the Company and Paul Segall.^^

10.19 Amendment to Employment Agreement between the Company and Hal Sternberg.^^

10.20 Amendment to Employment Agreement between the Company and Harold Waitz.^^

10.21 Amendment to Employment Agreement between the Company and Judith Segall.^^

10.22 Amendment to Employment Agreement between the Company and Victoria Bellport.^^

10.23 Amendment to Employment Agreement between the Company and Ronald S. Barkin.^^

10.24 Exclusive License Agreement between Abbott Laboratories and BioTime, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment).###

10.25 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).^^^

10.26 Revolving Line of Credit Agreement between BioTime, Inc. and Alfred D. Kingsley%%

10.27 Warrant Agreement between BioTime, Inc. and Alfred D. Kingsley%%

10.28 Form of Series 2001-A 10% Debenture due August 1, 2004@@

10.29 Warrant Agreement between BioTime, Inc. and Purchasers of Series 2001-A Debentures@@

23.1 Consent of Deloitte & Touche LLP%%

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

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, 1999.

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

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

% Incorporated by reference to the Company's Form 10-K for the year ended December 31, 1999.

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(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the quarter ended September 30, 2001.

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 ___, 2001

/s/ Paul Segall

Paul Segall
Chief Executive Officer

Date: November ___, 2001

/s/ Steven Seinberg

Steven Seinberg
Chief Financial Officer

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