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, 1998

OR

9 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. 10,032,579 common shares, no par value, as of November 12, 1998.

PART 1--FINANCIAL INFORMATION

Item 1. Financial Statements

BIOTIME, INC,
(A Development Stage Company)

BALANCE SHEETS
(Unaudited)

ASSETS	September 30, 1998	June 30, 1998
CURRENT ASSETS		
Cash and cash equivalents	$ 3,303,000	$ 4,105,781
Prepaid expenses and other current assets	207,111	245,912
Total current assets	3,510,111	4,351,693
EQUIPMENT, Net of accumulated depreciation of $203,575 and $188,526	176,914	190,665
OTHER ASSETS	77,700	99,422
TOTAL ASSETS	$ 3,764,725	$ 4,641,780
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 137,327	$ 189,530
Deferred revenue - current portion	312,500	437,500
Total current liabilities	449,827	627,030
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 10,026,579 and 9,947,579	18,995,526	18,557,636
Contributed Capital	93,972	93,972
Deficit accumulated during development stage	(15,774,600)	(14,636,858)
Total shareholders' equity	3,314,898	4,014,750
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,764,725	$ 4,641,780

See notes to financial statements.

BIOTIME, INC.
(A Development Stage Company)

STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997	Period from Inception (November 30, 1990) to September 30, 1998
REVENUE:			
License fee	$ 125,000	$ 125,000	$ 1,337,500
EXPENSES:			
Research and development	$ (930,418)	$ (678,272)	$ (10,888,546)
General and administrative	(380,453)	(505,494)	(7,460,086)
Total expenses	(1,310,871)	(1,183,766)	(18,348,632)
INTEREST AND OTHER INCOME	48,129	76,145	1,261,363
NET LOSS	$(1,137,742)	$ (982,621)	$ (15,749,769)
BASIC AND DILUTED LOSS PER SHARE	$ (.11)	$ (.10)	
COMMON AND EQUIVALENT SHARES USED IN COMPUTING PER SHARE AMOUNTS:			
BASIC AND DILUTED	9,985,525	9,640,394	

See notes to financial statements.

BIOTIME, INC.
(A Development Stage Company)

STATEMENTS OF SHAREHOLDERS' EQUITY

	Series A Convertible Preferred Shares		Common Shares			Deficit Accumulated
	Number of Shares	Amount	Number of Shares	Amount	Contributed Capital	During Development Stage
BALANCE, November 30, 1990 (date of inception)	--	--	--	--	--	--
NOVEMBER 1990						
Common shares issued for cash			1,312,761	$ 263		
DECEMBER 1990:						
Common shares issued for stock of a separate entity at fair value			1,050,210	137,400		
Contributed equipment at appraised value					$ 16,425	
Contributed cash					77,547	
MAY 1991:						
Common shares issued for cash less offering costs			101,175	54,463		
Common shares issued for stock of a separate entity at fair value			100,020	60,000		
JULY 1991:						
Common shares issued for services performed			30,000	18,000		
AUGUST-DECEMBER 1991						
Preferred shares issued for cash less offering costs of $125,700	360,000	$474,300				
MARCH 1992:						
Common shares issued for cash less offering costs of $1,015,873			2,173,500	4,780,127		
Preferred shares converted into common shares	(360,000)	(474,300)	360,000	474,300		
Dividends declared and paid on preferred shares						(24,831)
MARCH 1994:						
Common shares issued for cash less offering costs of $865,826			2,805,600	3,927,074		
JANUARY - JUNE 1995:						
Common shares repurchased with cash			(253,800)	(190,029)		
NET LOSS SINCE INCEPTION						(6,099,136)
BALANCE AT JUNE 30, 1995	--	$ --	7,933,266	$9,451,627	$ 93,972	$(3,746,220)

See notes to condensed financial statements.

(Continued)

BIOTIME, INC.
(A Development Stage Company)

STATEMENTS OF SHAREHOLDERS' EQUITY

	Series A Convertible Preferred Shares		Common Shares			Deficit Accumulated
	Number of Shares	Amount	Number of Shares	Amount	Contributed Capital	During Development Stage
Common shares issued for cash (exercise of options and warrants)			496,521	1,162,370		
Common shares issued for cash (lapse of recision)			112,176	67,300		
Common shares repurchased with cash			(18,600)	(12,693)		
Common shares warrants and options granted for services			--	356,000		
NET LOSS						(1,965,335)
BALANCE AT JUNE 30, 1996	--	$ --	8,269,563	$10,834,575	$ 93,972	$ (8,089,302)
Common shares issued for cash less offering costs of $170,597			849,327	5,491,583		
Common shares issued for cash (exercise of options and warrants)			490,689	1,194,488		
Common shares warrants and options granted for service			--	105,000		
NET LOSS						(3,094,210)
BALANCE AT JUNE 30, 1997	--	$ --	9,609,579	$17,625,646	$ 93,972	$(11,183,512)
Common Shares issued for cash (exercise of options)			337,500	887,130		
Common shares warrants and options granted for service				38,050		
Common shares issued for services			500	6,250		
NET LOSS						(3,453,346)
BALANCE AT JUNE 30, 1998	--	$ --	9,935,579	$18,534,076	$ 93,972	$(14,636,858)
Common Shares issued for cash (exercise of options)-unaudited			78,500	375,390		
Common shares warrants and options granted for service-unaudited				50,000		
Common shares issued for services-unaudited			1,000	12,500		
NET LOSS						(3,453,346)
BALANCE AT SEPTEMBER 30, 1998-unaudited	--	$ --	10,026,579	$18,995,526	$ 93,972	$(15,774,600)

See Notes to financial statements. (Concluded)

BIOTIME, INC.
(A Development Stage Company)

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended September 30,		Period from Inception (November 30,1990)
	1998	1997	September 30, 1998
OPERATING ACTIVITIES:			
Net loss	$ (1,137,742)	$ (982,621)	(15,749,769)
Adjustments to reconcile net loss to net cash used in operating activities:			
Deferred Revenue	(125,000)	(125,000)	(687,500)
Depreciation	15,049	11,112	203,574
Cost of Services - options and warrants	67,500	12,525	550,756
Supply Reserves	--	50,000	200,000
Changes in operating assets and liabilities:			
Research and development supplies on hand	--	--	(200,000)
Prepaid expenses and other current assets	33,801	159,441	(159,864)
Other assets	21,722	5,000	(77,700)
Accounts payable	(52,203)	(70,878)	137,327
Accrued compensation	--	(50,000)	--
Deferred revenue	--	--	1,000,000
Net cash used in operating activities	(1,176,873)	(990,421)	(14,783,176)
INVESTING ACTIVITIES:			
Sale of investments	--	--	197,400
Purchase of short-term investments	--	--	(9,946,203)
Redemption of short-term investments	--	--	9,934,000
Purchase of equipment and furniture	(1,298)	(31,062)	(364,063)
Net cash used in investing activities	(1,298)	(31,062)	(178,866)
FINANCING ACTIVITIES:			
Issuance of preferred shares for cash	--	--	600,000
Preferred shares placement costs	--	--	(125,700)
Issuance of common shares for cash	--	--	16,373,106
Common shares placement costs	--	--	(2,052,296)
Net proceeds from exercise of common share options and warrants	375,390	580,840	3,619,938
Contributed capital - cash	--	--	77,547
Dividends paid on preferred shares	--	--	(24,831)
Repurchase Common Shares	--	--	(202,722)
Net cash provided by (used in) financing activities	375,390	580,840	18,265,042
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(802,781)	(440,643)	3,303,000
CASH AND CASH EQUIVALENTS:			
At beginning of period	4,105,781	7,811,634	--
At end of period	$3,303,000	$7,370,991	$ 3,303,000

See notes to financial statements.

(Continued)

BIOTIME, INC.
(A Development Stage Company)

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended September 30,		Period from Inception (November 30,1990)
	1998	1997	September 30, 1998
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	$ 50,000		$ 567,050
Issuance of common shares in exchange for services	12,500		$ 18,750

See notes to financial statements. (Concluded)

BIOTIME, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

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, 1998, the statements of operations for the three months ended September 30, 1998 and 1997 and the period from inception (November 30, 1990) to September 30, 1998, the statement of shareholders= equity for the three month period ended September 30, 1998 and 1997 and the statements of cash flows for the three month period ended September 30, 1998 and 1997 and the period from inception (November 30, 1990) to September 30, 1998 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, 1998 and for all periods presented have been made. The balance sheet as of June 30, 1998 is derived from the Company=s audited financial statements as of that date.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted as permitted by regulations of the Securities and Exchange Commission. Certain previously furnished amounts have been reclassified to conform with presentations made during the current periods. It is suggested that these interim financial statements be read in conjunction with the audited financial statements and notes thereto included in the Company=s Form 10-K for the year ended June 30, 1998.

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 any Company products that are ultimately sold; the Company=s ability to obtain additional financing and the terms of any such financing that may be obtained; the Company=s ability to negotiate favorable licensing or other manufacturing and marketing agreements for its products; the availability of ingredients used in the Company=s products; and the availability of reimbursement for the cost of the Company=s products (and related treatment) from government health administration authorities, private health coverage insurers and other organizations.

Development Stage Enterprise - Since inception, the Company has been engaged in research and development activities in connection with the development of synthetic plasma expanders, blood volume substitute solutions and organ preservation products. The Company has limited operating revenues and has incurred operating losses of $15,749,769 from inception to September 30, 1998. The successful completion of the Company's product development program and, ultimately, achieving profitable operations is dependent upon future events including maintaining adequate capital to finance its future development activities, obtaining regulatory approvals for the products it develops and achieving a level of sales adequate to support the Company's cost structure.

Comprehensive Income - On July 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, AReporting Comprehensive Income,@ which requires an enterprise to report, by major components and as a single total, the change in net assets during the period from non-owner sources. For the three months ended September 30, 1998 and 1997, comprehensive income was the same as net income attributable to common shareholders.

Change in Fiscal Year End - The Company has determined to change its fiscal year end from June 30 to December 31. Due to the change in fiscal year, the Company will file an annual report on Form 10-K for the year (six months) ending December 31, 1998.

2. RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, ADisclosures about Segments of an Enterprise and Related Information,@ which establishes annual and interim reporting standards for an enterprise=s operating segments and related disclosures about its products, services, geographic areas, and major customers. The Company has not yet determined its reporting segments. Adoption of this statement will not impact the Company=s financial position, results of operations or cash flows, and any effect will be limited to the form and content of its disclosures. The Company will adopt this statement in its financial statements for the period ending December 31, 1998.

In June 1998, the Financial Accounting Standards Board issued Statement of Accounting Standards No. 133, AAccounting for Derivative Instruments and Hedging Activities,@ (SFAS 133) which establishes accounting and reporting standards for derivative instruments and for hedging activities. SFAS 133 requires that entities recognize all derivatives as either assets or liabilities and measure those instruments at fair value. Adoption of this statement is not expected to have a material impact on the Company=s financial position, results of operations or cash flows. The Company will adopt SFAS 133 in its financial statements in the first quarter of the fiscal year ending December 31, 1999.

3. PER SHARE INFORMATION

The Company adopted Statement of Financial Accounting Standards No. 128, AEarnings per Share@ (SFAS 128) in the second quarter of fiscal 1997 and has restated earnings per share (EPS) data for prior periods to conform with current presentation.

SFAS 128 requires a dual presentation of basic and diluted EPS. Basic EPS excludes dilution and is computed by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution from securities and other contracts, which are exercisable or convertible into common shares. As a result of operating losses, there is no difference between the basic and diluted calculations of EPS.

4. SHAREHOLDERS' EQUITY

On February 5, 1997, the Company completed a subscription rights offering raising $5,662,180 (less offering costs of $170,597), through the sale of 849,327 common shares.

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

During September 1995, the Company entered into an agreement for financial advisory services with Greenbelt Corp., a corporation controlled by Alfred D. Kingsley and Gary K. Duberstein, who are also shareholders of the Company. Under this agreement the Company issued to the financial advisor warrants to purchase 304,169 Common Shares at a price of $1.97 per share, and the Company agreed to issue additional warrants to purchase up to an additional 608,336 Common Shares at a price equal to the greater of (a) 150% of the average market price of the Common Shares during the three months prior to issuance and (b) $2 per share. The additional warrants were issued in equal quarterly installments over a two year period, beginning October 15, 1995. The exercise price and number of Common Shares for which the warrants may be exercised are subject to adjustment to prevent dilution in the event of a stock split, combination, stock dividend, reclassification of shares, sale of assets, merger or similar transaction. The warrants are exercisable at the following prices: 456,252 at $1.97 per share; 76,042 at $2.41 per share;76,042 at $9.88 per share; 76,042 at $9.64 per share; 76,042 at $10.73 per share; 76,042 at $16.11 per share; and 76,042 at $14.07 per share. The total value of these warrants at the agreement date, estimated to be $300,000, was capitalized in fiscal 1996 and was amortized over the two year term of the agreement.

During April 1998, the Company entered into a new financial advisory services agreement with Greenbelt Corp. The agreement provides for an initial payment of $90,000 followed by an advisory fee of $15,000 per month that will be paid quarterly. The agreement will expire on March 31, 2000, but either party may terminate the agreement earlier upon 30 days prior written notice.

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

Under the Plan, options to purchase common shares may be granted to employees, directors and certain consultants at prices not less than the fair market value at date of grant for incentive stock options and not less than 85% of fair market value for nonstatutory stock options. These options expire five to ten years from the date of grant and may be fully exercisable immediately, or may be exercisable according to a schedule or conditions specified by the Board of Directors or the Option Committee. During the quarter ended September 30, 1998, options to purchase a total of 20,000 common shares were issued to a consultant at a price of $7.25 per share. The estimated fair value of the services totaled $50,000 and was recognized in the period. At September 30, 1998, 599,000 shares were available for future grants under the Option Plan; and options to purchase 476,500 shares have been granted and were outstanding at exercise prices ranging from $0.66 to $18.25.

5. LICENSE AGREEMENT

In April 1997, BioTime and Abbott Laboratories (AAbbott@) entered into an Exclusive License Agreement (the ALicense 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 agreed to pay the Company up to $40,000,000 in license fees; of which $1,650,000 was paid as of September 30, 1998, and an additional $850,000 will become payable upon achievement of specific 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 $15,000,0000 and $30,000,000. Abbott's obligation to pay license fees on sales of Hextend will expire on the earlier of January 1, 2007 or, on a country by country basis, when all patents protecting Hextend in the applicable country expire or any third party obtains certain regulatory approvals to market a generic equivalent product in that country.

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

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

The Company has deferred recognition of $312,500 of the license fee revenue received for signing the License Agreement. The Company will recognize the deferred revenues through June, 1999. Additional milestone payments may be earned when the Company=s New Drug Application is approved and when sales of Hextend commence. These milestone payments will be recognized during the periods in which the milestones are achieved. Additional license fees and royalty payments will be recognized as the related sales are made and reported to the Company by Abbott.

6. STOCK SPLIT

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

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

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

Overview

Since its inception in November 1990, the Company has been engaged primarily in research and development activities. The Company has not yet generated significant operating revenues, and as of September 30, 1998 the Company had incurred a cumulative net loss of $15,749,769. 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 development of the Company's first three blood volume replacement products: Hextend, PentaLyte, and HetaCool. 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.

On March 31, 1998, the Company completed the submission of its New Drug Application (NDA) to the FDA, seeking approval to market Hextend in the United States. The NDA includes data from the Company's Phase III clinical trials, in which the primary endpoints were successfully met. The Company believes that the low incidence of adverse events related to blood clotting in the Hextend patients demonstrates that Hextend may be safely used in large amounts. However, the FDA will make its own evaluation of the clinical trial data and there is no assurance that the FDA will approve the Company's NDA.

BioTime has granted to Abbott an exclusive license to manufacture and sell Hextend in the United States and Canada for all therapeutic uses other than those involving hypothermic surgery, or the replacement of substantially all of a patient's circulating blood volume. BioTime has retained all rights to manufacture, sell or license Hextend and other products in all other countries. Abbott also has a right to obtain licenses to manufacture and sell other BioTime products.

Under the License Agreement, Abbott has agreed to pay BioTime up to $40,000,000 in license fees based upon product sales and the achievement of certain milestones. So far, Company has received $1,650,000 of license fee milestone payments. In addition to the license fees, Abbott will pay BioTime a royalty on total annual net sales of Hextend. The royalty rate will be 5% plus an additional .22% for each $1,000,000 of annual net sales, up to a maximum royalty rate of 36%. The royalty rate for each year will be applied on a total net sales basis so that once the highest royalty rate for a year is determined, that rate will be paid with respect to all sales for that year. Abbott's obligation to pay royalties on sales of Hextend will expire in the United States or Canada when all patents protecting Hextend in the applicable country expire and any third party obtains certain regulatory approvals to market a generic equivalent product in that country. Abbott has also agreed to manufacture Hextend for sale by BioTime in the event that Abbott's exclusive license is terminated prior to expiration.

The Company intends to enter global markets through licensing agreements with overseas pharmaceutical companies. By licensing its products abroad, the Company will avoid the capital costs and delays inherent in acquiring or establishing its own pharmaceutical manufacturing facilities and establishing an international marketing organization. A number of pharmaceutical companies in Europe, Asia and other markets around the world have expressed their interest in obtaining licenses to manufacture and market the Company's products. The Company is continuing to meet with representatives of interested companies to discuss potential agreements.

The Company is also pursuing a global clinical trial strategy, the goal of which is to permit the Company to obtain regulatory approval for its products as quickly and economically as practicable. For example, the United States Phase III clinical trials of Hextend involved 120 patients and were completed in less than 12 months. Although regulatory requirements vary from country to country, the Company may be able to file applications for foreign regulatory approval of its products based upon the results of the United States clinical trials. Based upon discussions with the Canadian Bureau of Pharmaceutical Assessment, the Company plans to file for Canadian market approval based upon the results of its United States clinical trials. Regulatory approvals for countries that are members of the European Union may be obtained through a mutual recognition procedure. The Company plans to determine whether one or more member nations would accept an application based upon the United States clinical trials. If approvals based upon those trials can be obtained in the requisite number of member nations, then the Company would be permitted to market Hextend in all 16 member nations.

In order to commence clinical trials for regulatory approval of new products, such as PentaLyte and HetaCool, or new therapeutic uses of Hextend, it will be necessary for the Company to prepare and file with the FDA an Investigational New Drug Application ("IND") or an amendment to expand the present IND for additional Hextend studies. Filings with foreign regulatory agencies will be required to commence clinical trials over-seas. The cost of preparing those regulatory filings and conducting those clinical trials is not presently determinable, but could be substantial. It will be necessary for the Company to obtain additional funds in order to complete any clinical trials that may begin for its new products or for new uses of Hextend. The Company plans to negotiate product licensing and marketing agreements that require overseas licensees and distributors of Company products to bear regulatory approval and clinical trial costs for their territories.

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 losses from operations will continue to be incurred for the foreseeable future.

Year 2000 Considerations

The Company has reviewed its internal computer and software systems and has determined that it is highly unlikely that any of those systems will be adversely affected by problems associated with the year 2000. Accordingly, the Company does not expect to incur any material expense in bringing its computer systems into year 2000 compliance. The so-called "year 2000 problems" may arise if computer programs do not properly recognize years that begin with "20" instead of "19." If not corrected, computer applications that are affected by they year 2000 problem could fail or create erroneous results.

The Company relies upon data analysis provided by independent third parties that conduct tests on Company products and compile and analyze data from Company laboratory studies and clinical trials. The Company is asking its third party contractors to inform the Company's management whether their systems will be adversely affected by the year 2000 problem and what plans they have to remedy any such problems in a timely manner.

Because the Company does not have its own pharmaceutical production facilities, it will rely upon Abbott and others to manufacture and distribute Company products. If year 2000 problems were to impede the ability of those companies to manufacture and distribute Company products or raw materials used in the manufacture of Company products, future sales of Company products could be adversely affected. Abbott has announced the implementation of a program to assess and remedy any year 2000 problems that may affect its operations, and has asked its key suppliers to certify that their systems are year 2000 compliant. The results of the year 2000 compliance programs implemented by Abbott and its suppliers are not presently known.

Results of Operations

From inception (November 30, 1990) through September 30, 1998, the Company generated $2,598,863 of revenue, comprised of $1,337,500 in license fee income, and $1,261,363 in interest and other income. The Company recognized $125,000 of such revenue during the three months ended September 30, 1998. The remaining $312,500 of revenue will be recognized through June, 1999. (See Note 5 to the accompanying financial statements). Interest and other income decreased to $48,129 for the period ended September 30, 1998 from $76,145 for the period ended September 30, 1997. The decrease in interest and other income is attributable to the decrease in cash and cash equivalents.

From inception (November 30, 1990) through September 30, 1998, the Company incurred $10,888,546 of research and development expenses, including salaries, supplies and other expense items. Research and development expenses were $930,418 for the three months ended September 30, 1998, compared to $678,272 for the three months ended September 30, 1997. The increase in research and development expenses is attributable to an increase in the development and testing of PentaLyte, the Company=s second product. It is expected that research and development expenses will increase as the Company continues clinical testing of Hextend and commences clinical studies of other products.

From inception (November 30, 1990) through September 30, 1998, the Company incurred $7,460,086 of general and administrative expenses. General and administrative expenses decreased to $380,453 for the three months ended September 30, 1998, from $505,494 for the three months ended September 30, 1997. This decrease is attributable to a decrease in personnel costs primarily related to bonuses accrued in the quarter ended September 30, 1997.

Liquidity and Capital Resources

Since inception, the Company has primarily financed its operations through the sale of equity securities and licensing fees, and at September 30, 1998, the Company had cash and cash equivalents of $3,300,000. Management believes that additional funds will be required for the successful completion of the Company's product development activities. The Company plans to obtain financing for its future operations through royalties and licensing fees from Abbott, from licensing fees from other pharmaceutical companies, and/or additional sales of equity or debt securities. Sales of additional equity securities could result in the dilution of the interests of present shareholders.

Under its License Agreement with Abbott, the Company has received $1,650,000 of license fees and milestone payments for signing the agreement and achieving milestones pertaining to the allowance of certain patent claims pending and the submission of the NDA for Hextend. Up to an additional $850,000 of license payments under the License Agreement will become payable in installments upon the achievement of specific milestones pertaining to the approval of the NDA for Hextend and the commencement of sales of the product. Additional license fees and royalties will become payable based upon product sales.

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

The future availability and terms of equity and debt financings, and the amount of license fees and royalties that may be earned through the licensing and sale of the Company's products 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.

Statements contained in this report that are not historical facts may constitute forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those discussed. See Note 1 to Financial Statements and the "Risk Factors" discussed in the Company=s Annual Report on Form 10-K for the fiscal year ended June 30, 1998.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company did not hold any market risk sensitive instruments as of September 30, 1998.

PART II - OTHER INFORMATION

Item 5. Other Information

The Company has determined to change its fiscal year end from June 30 to December 31. The change will take effect on December 31, 1998. Due to the change in the fiscal year, the Company will file an annual report on Form 10-K for the year (six months) ending December 31, 1998.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

Exhibit Numbers	Description
3.1	Articles of Incorporation, as Amended.^^
3.3	By-Laws, As Amended.#
4.1	Specimen of Common Share Certificate.+
10.1	Lease Agreement dated July 1, 1994 between the Registrant and Robert and Norah Brower, relating to principal executive offices of the Registrant.*
10.2	Employment Agreement dated June 1, 1996 between the Company and Paul Segall.++
10.3	Employment Agreement dated June 1, 1996 between the Company and Hal Sternberg.++
10.4	Employment Agreement dated June 1, 1996 between the Company and Harold Waitz.++
10.5	Employment Agreement dated June 1, 1996 between the Company and Judith Segall.++
10.6	Employment Agreement dated June 1, 1996 between the Company and Victoria Bellport.++
10.7	Intellectual Property Agreement between the Company and Paul Segall.+
10.8	Intellectual Property Agreement between the Company and Hal Sternberg.+
10.9	Intellectual Property Agreement between the Company and Harold Waitz.+
10.10	Intellectual Property Agreement between the Company and Judith Segall.+

10.11 Intellectual Property Agreement between the Company and Victoria Bellport.+

10.12 Agreement between CMSI and BioTime Officers Releasing Employment Agreements, Selling Shares, and Transferring Non-Exclusive License.+

10.13 Agreement for Trans Time, Inc. to Exchange CMSI Common Stock for BioTime, Inc. Common Shares.+

10.14 1992 Stock Option Plan, as amended.##

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

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

27 Financial Data Schedule**

+ Incorporated by reference to 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-K for the fiscal year ended June 30, 1998.

** Filed herewith.

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K for the three months ended September 30, 1998.

SIGNATURES

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

BIOTIME, INC.

/s/Ronald S. Barkin

Ronald S. Barkin
President

Date: November 13, 1998

/s/Victoria Bellport

Victoria Bellport
Chief Financial Officer

Date: November 13, 1998

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