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 March 31, 1997

OR

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

For the transition period from to

Commission file number 1-12830

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No_

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 3,203,193 common shares, no par value, as of May 14, 1997.

PART 1--FINANCIAL INFORMATION

Item 1. Financial Statements

BIOTIME, INC,
(A Development Stage Company)

CONDENSED BALANCE SHEETS
(Unaudited)

ASSETS	March 31, 1997	June 30, 1996
CURRENT ASSETS		
Cash and cash equivalents	$ 7,345,433	$ 2,443,121
Research and development supplies	150,000	200,000
Prepaid expenses and other current assets	128,929	214,094
Total current assets	7,624,362	2,857,215
EQUIPMENT, Net of accumulated depreciation of $127,005 and $98,219	80,228	101,559
OTHER ASSETS	39,422	10,048
TOTAL ASSETS	$ 7,744,012	$ 2,968,474
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES--Accounts payable	$ 101,871	$ 129,229
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 5,000,000 shares; issued and outstanding 3,203,193 and 2,756,521	17,630,596	10,834,575
Contributed Capital	93,972	93,972
Deficit accumulated during development stage	(10,082,427)	(8,089,302)
Total shareholders' equity	7,642,141	2,839,245
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 7,744,012	$ 2,968,474

See notes to condensed financial statements.

BIOTIME, INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,		Period from Inception (November 30, 1990)
	1997	1996	1997	1996	to March 31, 1997
EXPENSES:					
Research and development	$ (392,237)	$ (253,911)	$ (1,310,062)	$ (793,769)	$ (6,083,090)
General and administrative	(174,673)	(188,515)	(769,656)	(528,519)	(4,790,431)
Total expenses	(566,910)	(442,426)	(2,079,718)	(1,322,288)	(10,873,521)
INCOME:					
Interest	43,752	28,696	83,362	105,296	762,060
Other	2,876	500	3,231	2,960	53,865
Total income	46,628	29,196	86,593	108,256	815,925
NET LOSS	$ (520,282)	$ (413,230)	$ (1,993,125)	$ (1,214,032)	$ (10,057,596)
NET LOSS PER SHARE	$ (.17)	$ (.16)	$ (.69)	$ (.47)	$ (4.89)
NUMBER OF SHARES USED FOR CALCULATION OF NET LOSS PER SHARE	3,068,954	2,591,014	2,877,910	2,591,581	2,057,624

See notes to condensed financial statements.

BIOTIME, INC.
(A Development Stage Company)

STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

	Series A Convertible Preferred Shares		Common Shares			Deficit Accumulated During Developmemt Stage
	Number of Shares	Amount	Number of Shares	Amount	Contributed Capital	
BALANCE, November 30, 1990 (date of inception)						
NOVEMBER 1990						
Common shares issued for cash			437,587	$ 263		
DECEMBER 1990:						
Common shares issued for stock of a separate entity at fair value			350,070	137,400		
Contributed equipment at appraised value					$ 16,425	
Contributed cash					77,547	
MAY 1991:						
Common shares issued for cash less offering costs			33,725	54,463		
Common shares issued for stock of a separate entity at fair value			33,340	60,000		
JULY 1991:						
Common shares issued for services performed			10,000	18,000		
AUGUST-DECEMBER 1991						
Preferred shares issued for cash less offering costs of $125,700	120,000	$474,300				
MARCH 1992:						
Common shares issued for cash less offering costs of $1,015,873			724,500	4,780,127		
Preferred shares converted into common shares	(120,000)	(474,300)	120,000	474,300		
Dividends declared and paid on preferred shares						$(24,831)
MARCH 1994:						
Common shares issued for cash less offering costs of $865,826			935,200	3,927,074		
NET LOSS SINCE INCEPTION						(3,721,389)
BALANCE AT JUNE 30, 1994		$ --	2,644,422	$ 9,451,627	$ 93,972	$(3,746,220)

See notes to financial statements.

(Continued)

BIOTIME, INC.
(A Development Stage Company)

STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

	Series A Convertible Preferred Shares		Common Shares			Deficit Accumulated During Development Stage
	Number of Shares	Amount	Number of Shares	Amount	Contributed Capital	
AUGUST 1994 - JUNE 1995						
Common shares repurchased with cash			(84,600)	$(190,029)		
NET LOSS						(2,377,747)
BALANCE AT JUNE 30, 1995	--	$ --	2,559,822	$ 9,261,598	$ 93,972	$ (6,123,967)
JULY - SEPTEMBER 1995						
Common shares repurchased with cash			(6,200)	12,693)		
Common shares warrants and options granted for services				356,000		
APRIL - JUNE 1996						
Common shares issued for cash (exercise of options and warrants)			165,507	1,162,370		
Common shares issued for cash (lapse of recission)			37,392	67,300		
NET LOSS						(1,965,335)
BALANCE AT JUNE 30, 1996	--	$ --	2,756,521	$10,834,575	$ 93,972	$ (8,089,302)
JULY - DECEMBER 1996						
Common shares issued for cash (exercise of options and warrants)			74,563	524,458		
Common shares warrants and options granted for service (Note 2)				105,000		
JANUARY - MARCH 1997						
Common shares issued for cash (exercise of options and warrants)			89,000	670,030		
Common shares issued for cash less offering costs of $165,647			283,109	5,496,533		
NET LOSS						(1,993,125)
BALANCE AT MARCH 31, 1997	--	$ --	3,203,193	$ 17,630,596	$ 93,972	$ (10,082,427)

See notes to financial statements. (Concluded)

BIOTIME, INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended March 31,		Period from Inception (November 30, 1990) to March 31, 1997
	1997	1996	
OPERATING ACTIVITIES:			
Net loss	$(1,993,125)	$(1,214,032)	$(10,057,596)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	30,451	26,886	127,005
Common shares issued for services	190,685	--	376,617
Inventory reserves	50,000	--	50,000
Changes in operating assets and liabilities:			
Research and development supplies	--	(200,000)	(200,000)
Prepaid and other assets	(30,243)	(40,805)	(53,831)
Accounts payable	(27,358)	(215,709)	101,871
Net cash used in operating activities	(1,779,590)	(1,643,660)	(9,655,934)
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	(9,119)	(4,929)	(192,472)
Net cash provided by (used in) investing activities	(9,119)	(4,929)	(7,275)
FINANCING ACTIVITIES:			
Issuance of preferred shares for cash	--	--	600,000
Preferred shares placement costs	--	--	(125,700)
Issuance of common shares for cash	5,662,180	--	16,373,106
Net proceeds from exercise of common share options and warrants	1,194,488	--	2,356,858
Common shares placement costs	(165,647)	--	(2,047,346)
Contributed capital - cash	--	--	77,547
Dividends paid on preferred shares	--	--	(24,831)
Repurchase common shares	--	(14,420)	(200,992)
Net cash provided by (used in) financing activities	6,691,021	(14,420)	17,008,642
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,902,312	(1,663,009)	7,345,433
CASH AND CASH EQUIVALENTS:			
At beginning of period	2,443,121	3,440,896	--
At end of period	$ 7,345,433	$1,777,887	$ 7,345,433

See notes to condensed financial statements.

(Continued)

BIOTIME, INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended March 31, 1997	Nine Months Ended March 31, 1996	Period from Inception (November 30, 1990) to March 31, 1997
NONCASH FINANCING AND INVESTING ACTIVITIES:			
Receipt of contributed equipment	--	--	$ 16,425
Issuance of common shares in exchange for shares of common stock of Cryomedical Sciences, Inc. in a stock-for-stock transaction	--	--	197,400
Granting of options and warrants for services	105,000	--	461,000
Accrued public offering costs	--	--	54,458

(Concluded)

See notes to condensed financial statements.

BIOTIME, INC.
(A Development Stage Company)

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

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 condensed financial statements presented have been prepared by the Company without audit and, in the opinion of management, reflect all adjustments necessary (consisting only of normal recurring adjustments) to present fairly the financial position, results of operations and cash flows at March 31, 1997 and for all periods presented. The results of operations for any interim period are not necessarily indicative of results for a full year.

The balance sheet as of June 30, 1996, has been derived from the financial statements that have been audited by the Company's independent public accountants. The condensed financial statements and notes are presented as permitted by the Securities and Exchange Commission and do not contain certain information included in the annual financial statements and notes of the Company. It is suggested that the accompanying condensed financial statements be read in conjunction with the audited financial statements and the notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1996, filed with the Securities and Exchange Commission.

Estimates - the preparation of the Company's condensed financial statements in conformity with generally accepted accounting principles necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities in the condensed balance sheet dates and the reported amounts of income and expenses for the periods presented.

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 substitute solutions and organ preservation products. The Company has not had any significant operating revenues and has incurred operating losses of $10,057,596 from inception to March 31, 1997. The successful completion of the Company's product development program and, ultimately, achieving profitable operations is dependent upon future events including maintaining adequate capital to finance its future development activities, obtaining regulatory approvals for the products it develops and achieving a level

of sales adequate to support the Company's cost structure.

Cash and Cash Equivalents - the Company considers cash, money market funds, and U.S. Government securities with original maturities of three months or less to be cash and cash equivalents.

2. SHAREHOLDERS' EQUITY

On February 5, 1997, the Company completed a subscription rights offering raising $5,662,180 (less offering costs of $165,647), through the sale of 283,109 Common Shares.

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 400,000 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.

At March 31, 1997, options for the purchase of 245,000 shares under the Plan were held by employees, officers, directors, members of the scientific advisory board and certain consultants. Such options are or will become exercisable at prices ranging from $1.99 to $18.81 beginning from one to two years after the grant date and expire after five to ten years from the grant date. Certain options require the achievement of performance criteria. At March 31, 1997, 196,000 options were currently exercisable at prices ranging from $1.99 to $18.81. Options for 103,000 common shares have been exercised as of March 31, 1997.

The Board of Directors has approved an amendment to the Plan that would make an additional 200,000 Common Shares available for future grants of options. The amendment has been submitted to the Company's shareholders for approval at the annual meeting of shareholders to be held on May 23, 1997.

In September 1996, the Company entered into an agreement with an individual to act as an advisor to the Company. In exchange for services, as defined, to be rendered by the advisor through September 1999, the Company issued warrants, with five year terms, to purchase 40,000 common shares at a price of $18.75 per share. Warrants for 25,000 common shares vested and became exercisable and transferable when issued; warrants for the remaining 15,000 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 term of the agreement.

During September 1995, the Company entered into an agreement with a firm to act as its financial advisor. In exchange for financial consulting services associated in part with a plan to secure additional capital, the Company issued to the financial advisor warrants to purchase 100,000 common shares at a price of $6 per share, and the Company agreed to issue additional warrants to purchase up to an additional 200,000 common shares at a price equal to the greater of (a) 150% of the average market price of the common shares during the three months prior to grant or (b) $6 per share. The additional warrants are to be issued in equal quarterly installments over a two year period, beginning October 15, 1995. The Company may terminate the financial advisory agreement on 30 days notice, in which case the next warrant issuance would be accelerated to the date on which notice of termination is given, but no additional warrants would be issued. Through March 31, 1997, the advisor had received warrants to purchase 250,000 Common Shares; 150,000 of which are exercisable at a price of $6 per share, 25,000 of which are exercisable at a price of $7.32 per share, 25,000 of which are exercisable at a price of $30.04 per share, 25,000 of which are exercisable at $29.33 per share, and 25,000 of which are exercisable at $32.65 per share. As of April 15, 1997, the advisor received warrants to purchase an additional 25,000 shares at a price of $49.01 per share.

During the quarter ended March 31, 1997, the Company recognized $50,136 in amortization expense for capitalized service costs related to consulting agreements.

3. RECENTLY ISSUED ACCOUNTING STANDARD

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

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

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

4. SUBSEQUENT EVENTS

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

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 March 31, 1997 the Company had incurred a cumulative net loss of $10,057,596.

Most of the Company's research and development efforts have been devoted to the development of the Company's first three blood volume replacement products: Hextend,(R) PentaLyte,TM and HetaCool.TM The Company is presently conducting a Phase III clinical trial of Hextend(R) in human patients. The clinical trial will involve approximately 150 patients and is designed to test whether Hextend(R) can be used to treat hypovolemia (loss of blood volume) by adequately maintaining blood pressure and volume during high blood loss surgery. These clinical trials began in October 1996 and are being conducted at the Duke University Medical Center in Durham, North Carolina and at Mt. Sinai School of Medicine in New York, New York. The trials are proceeding in accordance with the Company's expectations. If the clinical trials are successful, the Company will prepare a New Drug Application for Food and Drug Administration ("FDA") approval to manufacture and market Hextend(R).

Additional studies are being designed for new products under development and to assess the safety and efficacy of Hextend(R) in other surgical applications. In order to commence clinical trials of new products and certain new therapeutic uses of Hextend,(R) it will be necessary for the Company to prepare and file with the FDA an Investigational New Drug Application ("IND") or an amendment to expand the present IND for Hextend.(R) The cost of preparing those IND filings and conducting those clinical trials is not presently determinable, but could be substantial. It may be

necessary for the Company to obtain additional financing in order to complete any clinical trials that may begin for its new products or for new uses of Hextend.(R)

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

Under the License Agreement, Abbott has agreed to pay BioTime up to $40,000,000 in license fees based upon product sales and the achievement of certain milestones, and to provide assistance to BioTime in connection with the Company's Phase III clinical trials of Hextend(R). In addition to the license fees, Abbott will pay BioTime a royalty on annual net sales of Hextend.(R) 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(R) will expire in the United States or Canada when all patents protecting Hextend(R) 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(R) for sale by BioTime in the event that Abbott's exclusive license is terminated prior to expiration.

As part of the Company's strategy to enter global markets, a focus group, in which physicians, surgeons and scientists from several countries have been invited to participate, will be held in England during May 29-30, 1997. At the focus group, the Company will present pharmacological data gathered through laboratory and clinical testing of Hextend(R) and laboratory testing of other products. Feedback from the focus group participants will be used by the Company in the development of clinical trial and marketing programs for domestic and international markets.

Following the focus group, visits have been scheduled with European-based companies which have expressed interest in licensing the Company's products. In addition, discussions are ongoing between the Company and a number of other overseas and multinational companies for a license to manufacture and market the Company's products in Europe, Asia, Latin America and other parts of the world.

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

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.

Results of Operations

Revenues

From inception (November 30, 1990) through March 31, 1997, the Company generated $815,925 of revenues, comprised of $53,865 from the sale of products and services, and $762,060 in interest. For the three months ended March 31, 1997, the Company generated total revenues of $46,628, compared with $29,196 generated during the three months ended March 31, 1996. For the nine months ended March 31, 1997, the Company generated $86,593 of revenues,

compared with $108,256 generated for the nine months ended March 31, 1996. Substantially all of the Company's revenues during those periods was from interest income. The increase in interest income for the three months ended March 31, 1997 is attributable to the increase in cash and cash equivalents from the subscription rights offering, which was completed February 5, 1997, raising $5,662,180 (less offering costs of $165,647). The decrease in interest income for the nine months ended March 31, 1997 is due to the overall decrease in cash from 1996 to 1997, until the subscription rights offering was completed and proceeds were received in February 1997. Limited marketing of the Company's laboratory research equipment, through advertisements in trade publications and sales to distributors, has resulted in sales of a small number of microcannulas. Although the Company may continue to market its laboratory research equipment, and to promote its ability to perform research services, the Company's ability to generate substantial operating revenue depends upon its success in developing and marketing its blood substitute and organ preservation solutions and technology for medical use.

Operating Expenses

From inception (November 30, 1990) through March 31, 1997, the Company incurred $6,083,090 of research and development expenses, including salaries, supplies and other expense items. Research and development expenses increased to $392,237 for the three months ended March 31, 1997, from $253,911 for the three months ended March 31, 1996. Research and development expenses also increased, to $1,310,062 for the nine months ended March 31, 1997, from $793,769 for the nine months ended March 31, 1996. The increase in research and development expenses is attributable to ongoing Phase III human clinical trials, and initiation of a second study site for those trials. It is expected, however, that research and development expenses will increase as the Company continues clinical testing of Hextend(R), and commences clinical studies of other products.

From inception (November 30, 1990) through March 31, 1997, the Company incurred $4,790,431 of general and administrative expenses. General and administrative expenses decreased slightly to $174,673 for the three months ended March 31, 1997 from $188,515 for the three months ended March 31, 1996. General and administrative expenses increased to $769,656 for the nine months ended March 31, 1997, from $528,519 for the nine months ended March 31, 1995. The increase in general and administrative expenses is primarily attributable to an amortization expense associated with agreements the Company entered into with certain financial advisors and consultants in exchange for warrants to purchase the Company's common shares (See Note 2 to the accompanying financial statements).

Liquidity and Capital Resources

Since inception, the Company has financed its operations through the sale of equity securities, and at March 31, 1997, the Company had cash and cash equivalents of over $7,000,000. Management believes that additional funds may be required for the successful completion of the

Company's product development activities. The Company plans to obtain financing for its future operations through additional sales of equity or debt securities, and through the licensing of its products to pharmaceutical companies.

Under its License Agreement with Abbott, the Company has received $1,000,000 for signing the agreement, and is entitled to receive an additional $400,000 in license fees during the fiscal quarter ending June 30, 1997, based upon the achievement of a milestone pertaining to the allowance of certain patent claims pending. An additional $1,100,000 of license fees under the License Agreement will become payable in installments upon the achievement of specific milestones pertaining to the filing and approval of a New Drug Application for Hextend,(R) and the commencement of sales of the product. Up to $37,500,000 of additional license fees will be payable based upon annual net sales of Hextend(R), 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 licensing fees on sales of Hextend(R) will expire on the earlier of January 1, 2007 or, on a country by country basis, when all patents protecting Hextend(R) 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 license fees, the Company will receive royalties upon the sale of Hextend(R).

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(R) that are not covered by Abbott's license, and for licenses to manufacture and market the Company's products abroad.

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

Statements contained in this report that are not historical facts may constitute forward-lloking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those discussed. In addition to the factors discussed elsewhere in this report, the Company's operations are subject to a number of risks and uncertainties, including the results of clinical trials of Hextend(R) and any other products for which clinical trials may commence, the Company's ability to obtain FDA and foreign regulatory approval to market Company products, the ability of the Company to enter into additional product license agreements with pharmaceutical companies, the results of laboratory tests of products under development, competition from products manufactured and sold or being developed by other companies, and the price of and demand for any products that are ultimately sold by the Company or its licensees.

The market price of the Company's Common Shares, like that of the common stock of many biotechnology companies, has been highly volatile. The price of such securities may rise or fall rapidly in response to certain events such as the commencement or completion of clinical trials, FDA and foreign regulatory actions, the development of competing products, the licensing of Copany products, earnings or losses reported by the Company, and the content of securities analyst reports concerning the Company.

PART II--OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Description
10.1	Exclusive License Agreement, dated April 23, 1997, between BioTime, Inc. and Abbott Laboratories. ^^
10.2	Employment Agreement, dated April 1, 1997, between BioTime,Inc. and Ronald S. Barkin.++
27	Financial Data Schedule.++

++Filed herewith.

^^Incorporated by reference to Exhibit 99.1 of the Company's Report on Form 8-K, filed with the Securities and Exchange Commission on April 24, 1997.

(b) Reports on Form 8-K

The Company filed a Report on Form 8-K on April 24, 1997, containing Item 5. Other Events, and Item 7. Exhibits.

SIGNATURES

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

BIOTIME, INC.

/s/ Paul E. Segall

Date: May 14, 1997 ----------

Paul E. Segall
Chief Executive Officer

/s/ Victoria Bellport

Date: May 14, 1997 ----------

Victoria Bellport
Chief Financial Officer

Exhibit Index
- -------------

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EMPLOYMENT AGREEMENT

THIS AGREEMENT is made April 1, 1997 by and between BioTime, Inc. (the "Company"), and Ronald S. Barkin, Esq. (the "Employee").

W I T N E S S E T H:

WHEREAS, the Company desires to employ Employee, and Employee is willing to accept such employment, all on the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the terms and conditions hereinafter set forth, the parties hereto agree as follows:

1. Employment. The Company hereby employs Employee, and Employee hereby accepts employment with the Company on the terms and conditions herein set forth.

2. Term of Agreement. This Agreement shall commence on April 1, 1997 and shall continue in effect until March 31, 2002 (the "Expiration Date"), unless terminated pursuant to the express provisions of this Agreement.

3. Renewal. This Agreement shall be renewed automatically for an additional one (1) year period on April 1, 2002 and on each anniversary thereof, unless one party gives the other advance written notice of non-renewal at least sixty (60) days prior to such date. Either party may elect not to renew this Agreement with or without cause.

4. Position; Duties. Employee shall be employed in the position and shall perform the duties and functions set forth on EXHIBIT A, and such additional duties and functions as are normally carried out by an executive in a comparable position with a developer of pharmaceutical or medical products, and as the Board of Directors or a duly authorized officer of the Company shall from time to time reasonably determine. Employee shall devote his or her best efforts, skills and abilities to the Company's business pursuant to, and in accordance with, reasonable business policies and procedures, as fixed from time to time by the Board of Directors of the Company (the "Board of Directors"). Employee covenants and agrees that he or she will faithfully adhere to and fulfill such policies as are established from time to time by the Board of Directors.

5. Compensation

5.1 Salary and Bonuses. During the term of this Agreement, the Company shall pay to the Employee:

5.1.1 Base Salary. A base annual salary (the "Base Salary") in the following amounts: Ninety-Two Thousand Dollars ($92,000) during the year beginning April 1, 1997 and ending on March 31, 1998; Ninety-Nine Thousand Dollars ($99,000) during the year beginning April 1, 1998 and ending on March 31, 1999; One Hundred Six Thousand Dollars ($106,000) during the year beginning April 1, 1999 and ending March 31, 2000; One Hundred Thirteen Thousand Dollars ($113,000) during the year beginning April 1, 2000 and ending March 31, 2001; and One Hundred Twenty Thousand Dollars ($120,000) during the year beginning April 1, 2001 and ending March 31, 2002; and One Hundred Twenty-Seven Thousand Dollars ($127,000.00) during the year beginning April 1, 2002 and ending March 31, 2003. The Base Salary shall be payable in equal semi-monthly installments or in such other installments as may be agreed upon between the parties. The Base Salary may be increased from time to time in the discretion of the Board of Directors.

5.1.2 The Company shall pay all premiums on Employee's present disability policy.

5.1.3 Bonuses. The Company may pay Employee such bonuses, if any, as the Board of Directors may, from time to time determine.

5.2 Benefit Plans. Employee shall be eligible (to the extent he or she qualifies) to participate in any retirement, pension, life, health, accident and disability insurance, stock option plan or other similar employee benefit plans which may be adopted by the Company (or any other member of a consolidated group of which the Company is a part) for its executive officers or other employees.

5.3 Expense Reimbursement. The Company shall reimburse Employee for all reasonable expenses incurred by Employee in connection with the performance of his or her employment duties, subject to the Company's policies and procedures in effect from time to time, and provided that Employee submits supporting vouchers.

5.4 Vacation; Sick Leave. Employee shall be entitled to four weeks of vacation, without reduction in compensation, during each calendar year. Such vacation shall be taken at such time as is consistent with the needs and policies of the Company. All vacation days shall accrue based upon days of service. The Company may, from time to time, adopt policies governing the disposition of unused vacation days remaining at the end of the Company's fiscal

year; which policies may govern whether unused vacation days will be paid, lost, or carried over into subsequent fiscal years. Employee shall also be entitled to leave from work, without reduction in compensation, due to illness to the extent allowed by the Company consistent with its policies and procedures and subject to the provisions of this Agreement governing termination due to disability, sickness or illness.

6. Termination. This Agreement shall terminate prior to the Expiration Date upon the happening of any of the following events:

6.1 Death. Automatically and without notice upon the death of Employee;

6.2 Voluntary Termination by Employee. By Employee voluntarily leaving the employ of the Company with or without the consent of the Company (which Employee shall be entitled to do upon thirty (30) days written notice);

6.3 Disability. Upon written notice of termination from the Company to Employee, after Employee becomes disabled, either totally or partially, for a period of ninety (90) days during any one hundred fifty (150) day period, so that he or she is prevented from performing his or her principal duties pursuant to this Agreement; provided, that the Company's obligation to pay the compensation due under Section shall continue until this Agreement is so terminated.

6.4 For Cause. Upon discharge of Employee, on written notice, by the Board of Directors on grounds of: (i) conviction of a crime of moral turpitude; (ii) deliberate failure to carry out the reasonable policies of the Board of Directors, as they may relate to Employee's duties under this Agreement; (iii) chronic alcohol or drug abuse; (iv) fraud, embezzlement or misappropriation of Company assets; (v) disloyal, dishonest or illegal conduct in the course of his or her employment; or (vi) a material default or breach of any of the covenants made by Employee in this Agreement. The written notice delivered by the Board of Directors shall specify the ground for termination and shall be supported by a statement of all relevant facts constituting cause for termination. Any termination under this Section shall be deemed a termination for "cause".

6.5 Notice and Opportunity to Cure. If the Company intends to terminate this Agreement under clause (ii) or (vi) of Section , and if all of Employee's acts or omissions giving rise to such determination to terminate this Agreement are, in the reasonable determination of the Board of Directors, susceptible to substantially complete cure by Employee within a period of thirty (30) days, the written notice given to Employee pursuant to Section shall state that the effective date of termination shall be thirty (30) days from the date of such notice, and such notice shall be rescinded if Employee effects a substantially complete cure within such thirty (30) day period.

6.6 Payment of Compensation After Termination . Upon the occurrence of any events set forth in Sections through hereof or Section , the Company shall be obligated to pay to Employee (or Employee's estate in the event of Employee's death) (i) the compensation due him or her under Section up to the

date of termination; (ii) any unpaid bonus previously awarded by the Board of Directors; and (iii) compensation for any earned but unused vacation, which compensation shall be paid at the Base Salary rate in effect at the time such unused vacation accrued.

6.7 Payment Upon Termination by the Company Without Cause. In the event this Agreement is terminated by the Company for a reason other than one of those set forth in Section or Section or Section , the Company shall be required to continue to pay Employee, as severance compensation, the compensation due him or her under Section , for the unexpired term of this Agreement (without regard to Section 3). Such severance compensation shall be paid for a period equal to the number of weeks remaining in the unexpired term of this Agreement (without regard to Section). Employee may elect to receive the severance compensation (or such part of the severance compensation as shall then remain unpaid) in a lump sum. Such election may be made by written notice to the Company, and if such election is made the lump sum shall be paid by the Company within ten (10) days after such notice.

6.8 Change of Control. Notwithstanding the foregoing, the Company or its successor, or Employee may terminate this Agreement, with or without cause, in connection with a Change of Control of the Company. In the event of such a termination, the Company shall pay Employee on the date of termination a lump sum payment equal to the greater of (a) 2.99 times Employee's "Base Amount" and (b) the compensation due him or her under Section for the unexpired term of this Agreement (without regard to Section). Such payment shall be in addition to any unpaid amounts otherwise then due Employee under Section of this Agreement. Any termination of this Agreement, except termination under Sections through , within twelve months after either (i) the earliest date on which the Company enters into a letter of intent, memorandum of agreement, or similar document leading to a Change of Control, or (ii) the effective date of a Change of Control, shall be deemed conclusively to be a termination in connection with a Change of Control. If the Company or its successor causes a material reduction in Employee's responsibilities or compensation after a Change of Control, then Employee may at Employee's option terminate this Agreement under Section any time within one hundred eighty (180) days after such reduction, and such resignation shall be deemed a termination by the Company in connection with a Change of Control and shall entitle Employee to the benefits of this Section . For purposes of this Agreement, the following definitions shall apply.

6.8.1 "Change of Control" means (i) the acquisition of Voting Securities of the Company by a Person or an Affiliated Group entitling the holder thereof to elect a majority of the directors of the Company; provided, that an increase in the amount of Voting Securities held by a Person or Affiliated Group who previously held sufficient Voting Securities to elect a majority of the directors shall not constitute

a Change of Control; and provided, further, that an acquisition of Voting Securities by one or more Persons acting as an underwriter in connection with a sale or distribution of such Voting Securities shall not constitute a Change of Control under this clause (i); (ii) the sale of all or substantially all of the assets of the Company; or (iii) a merger or consolidation of the Company with or into another corporation or entity in which the stockholders of the Company immediately before such merger or consolidation do not own, in the aggregate, Voting Securities of the surviving corporation or entity (or the ultimate parent of the surviving corporation or entity) entitling them, in the aggregate (and without regard to whether they constitute an Affiliated Group) to elect a majority of the directors or persons holding similar powers of the surviving corporation or entity (or the ultimate parent of the surviving corporation or entity); provided, however, that in no event shall any transaction described in clauses (i), (ii) or (iii) be a Change of Control if all of the Persons acquiring Voting Securities or assets of the Company or merging or consolidating with the Company are one or more direct or indirect subsidiary or parent corporations of the Company.

6.8.2 "Voting Securities" means shares of capital stock or other equity securities entitling the holder thereof to regularly vote for the election of directors (or for person performing a similar function if the issuer is not a corporation), but does not include the power to vote upon the happening of some condition or event which has not yet occurred.

6.8.3 "Person" means any natural person or any corporation, partnership, limited liability company, trust, unincorporated business association or other entity.

6.8.4 "Affiliated Group" means (i) a Person and one or more other Persons in control of, controlled by, or under common control with such Person; and (ii) two or more Persons who, by written agreement among them, act in concert to acquire Voting Securities entitling them to elect a majority of the directors of the Company.

7. Renegotiation. Employee shall be entitled to seek a modification of this Agreement prior to the Expiration Date if the market value of the Company's outstanding capital stock exceeds $100,000,000. The Company will negotiate in good faith with Employee in connection with any such request by the Employee for such a modification of this Agreement.

8. Intellectual Property Agreement. Employee acknowledges that the Intellectual Property Agreement concurrently executed and delivered by Employee shall remain in effect and shall not be affected by the terms of this Agreement or the termination of this Agreement.

9. Entire Agreement. The provisions of this Agreement, including the exhibits attached to this Agreement, constitute the entire agreement between Employee and the Company with respect to the subject matter of this Agreement, and supersede any prior oral understanding. No modification, supplement or discharge of this Agreement shall be effective unless in writing and executed on behalf of the party to be charged.

10. Waiver. No waiver by either party of any condition, term or provision of this Agreement shall be deemed to be a waiver of any proceeding or succeeding breach of the same or of any other condition, term or provision of this Agreement.

11. Assignability. This Agreement, and the rights and obligations of the parties under this Agreement, may not be assigned by Employee. The Company may assign any of its rights and obligations under this Agreement to any successor or surviving corporation resulting from a merger, consolidation, sale of assets or stock, or other corporate reorganization, upon condition that the assignee shall assume, either expressly or by operation of law, all of the Company's obligations under this Agreement.

12. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

13. Construction. This Agreement shall be construed in accordance with the laws of the State of California.

14. Survival. This Section and the covenants and agreements contained in Sections 5.3, 6.6, 6.7, and 6.8 of this Agreement shall survive termination of Employee's employment.

15. Notices. Any notices or other communication required or permitted to be given under this Agreement shall be in writing and shall be sent by United States mail, first class certified or registered postage prepaid, return receipt requested, or personally delivered to the parties at the following addresses:

To the Company: BioTime, Inc.
935 Pardee Street
Berkeley, California 94710
Attention: President

To Employee: Ronald S. Barkin, Esq.
935 Pardee Street
Berkeley, California 94710

A notice sent by certified or registered mail shall be deemed delivered on the fourth day after deposit in the United States mail, postage prepaid, and addressed as aforesaid. Any party may change its address for notice by giving notice to the other party in the manner provided in this Section.

16. Unenforceable Provisions. If all or part of any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provisions, and this Agreement shall be equitably construed as if it did not contain the invalid, illegal, or unenforceable provision.

17. Section Headings. Section headings are for the convenience of the parties and do not form a part of this Agreement.

18. Section and Other References. References in this Agreement to Sections, subsections, and Exhibits are references to sections and subsections in this Agreement and exhibits attached to this Agreement unless specified otherwise.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

EMPLOYEE:

/s/ Ronald S. Barkin
_____
Ronald S. Barkin, Esq.

COMPANY: BIOTIME, INC.

By: _____

Title: _____

EXHIBIT A

DUTIES AND RESPONSIBILITIES

The Executive Vice President shall participate in formulating the Company's operating and financial plans in conjunction with the Board of Directors and the Corporate Officers. In such capacity, and subject to the ultimate authority of the Board of Directors, the Executive Vice President shall assist in the review and approval or disapproval of proposed plans, programs, and contracts for joint ventures and investments in other corporations, partnerships and similar entities, and for obtaining debt and equity financing for the Company. As requested by the Board of Directors or the Chief Executive Officer, the Executive Vice President shall represent the Company in the negotiation of contracts and agreements with third parties, including, but not limited to, license distribution and manufacturing contracts in regulatory matters involving government or administrative bodies having jurisdiction over the Company or its operations, in obtaining debt and equity financing, and in other aspects of the Company's affairs.

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