UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(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, 2014

OR

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

For the transition period from _____ to _____

Commission file number **1-12830**

BioTime, Inc.

(Exact name of registrant as specified in its charter)

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

1301 Harbor Bay Parkway, Suite 100
Alameda, California 94502
(Address of principal executive offices)

(510) 521-3390
(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. T Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o		Accelerated filer	T
Non-accelerated filer	o	(Do not check if a smaller reporting company)	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes T 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: 72,149,329 common shares, no par value, as of May 9, 2014

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 under Risk Factors in this Report. Words such as "expects," "may," "will," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and similar expressions identify forward-looking statements.

References to "we" means BioTime, Inc. and its subsidiaries unless the context otherwise indicates.

The description or discussion, in this Form 10-Q, of any contract or agreement is a summary only and is qualified in all respects by reference to the full text of the applicable contract or agreement.

Item 1. Financial Statements

BIOTIME, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2014 (unaudited)	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,637,834	$ 5,495,478
Inventory	236,588	178,694
Trade accounts and grants receivable, net	818,275	998,393
Prepaid expenses and other current assets	1,554,114	1,277,405
Total current assets	9,246,811	7,949,970
Equipment, net	2,959,150	2,997,733
Deferred license and consulting fees	418,958	444,833
Deposits	428,827	129,129
Other long-term assets	56,062	-
Intangible assets, net	44,840,087	46,208,085
TOTAL ASSETS	$ 57,949,895	$ 57,729,750
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 5,443,063	$ 6,722,624
Deferred license and subscription revenue, current portion	177,594	235,276
Total current liabilities	5,620,657	6,957,900
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	28,054	35,997
Deferred tax liability, net	6,928,522	8,277,548
Other long-term liabilities	8,441	195,984
Total long-term liabilities	6,965,017	8,509,529
Commitments and contingencies		
EQUITY		
Preferred shares, no par value, authorized 2,000,000 shares as of March 31, 2014 and December 31, 2013; 70,000 and nil issued and outstanding as of March 31, 2014 and December 31, 2013, respectively	3,500,000	-
Common shares, no par value, authorized 125,000,000 shares as of March 31, 2014 and December 31, 2013; 69,617,329 issued and 59,071,192 outstanding as of March 31, 2014 and 67,412,139 issued and 56,714,424 outstanding at December 31, 2013	211,943,421	203,456,401
Contributed capital	93,972	93,972
Accumulated other comprehensive income/(loss)	(44,341)	62,899
Accumulated deficit	(153,877,561)	(145,778,547)
Treasury stock at cost: 10,546,137 and 10,697,715 shares at March 31, 2014 and at December 31, 2013, respectively	(42,372,546)	(43,033,957)
Total shareholders' equity	19,242,945	14,800,768
Noncontrolling interest	26,121,276	27,461,553
Total equity	45,364,221	42,262,321
TOTAL LIABILITIES AND EQUITY	$ 57,949,895	$ 57,729,750

See accompanying notes to the condensed consolidated interim financial statements.

BIOTIME, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

	Three Months Ended	
	March 31, 2014	March 31, 2013
REVENUES:		
License fees	$ 294,504	$ 349,824
Royalties from product sales	97,886	107,599
Grant income	575,659	90,326
Sale of research products	98,586	66,724
Total revenues	1,066,635	614,473
Cost of sales	(131,914)	(182,749)
Total revenues, net	934,721	431,724
EXPENSES:		
Research and development	(8,405,393)	(5,395,488)
General and administrative	(3,667,171)	(3,416,145)
Total expenses	(12,072,564)	(8,811,633)
Loss from operations	(11,137,843)	(8,379,909)
OTHER INCOME/(EXPENSES):		
Interest (expense)/income, net	(8,384)	943
Loss on sale of fixed assets	(8,576)	(1,523)
Other income/(expense), net	77,746	(28,056)
Total other income/(expenses), net	60,786	(28,636)
LOSS BEFORE INCOME TAX BENEFIT	(11,077,057)	(8,408,545)
Income tax benefit	1,349,026	-
NET LOSS	(9,728,031)	(8,408,545)
Net loss attributable to noncontrolling interest	1,629,017	689,282
NET LOSS ATTRIBUTABLE TO BIOTIME, INC.	(8,099,014)	(7,719,263)
Foreign currency translation (loss)/gain	(104,590)	148,437
Unrealized loss on available-for-sale securities, net	(2,650)	-
COMPREHENSIVE LOSS	$ (8,206,254)	$ (7,570,826)
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.14)	$ (0.15)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING: BASIC AND DILUTED	58,257,427	51,175,649

See accompanying notes to the condensed consolidated interim financial statements.

BIOTIME, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended	
	March 31, 2014	March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss attributable to BioTime, Inc.	$ (8,099,014)	$ (7,719,263)
Adjustments to reconcile net loss attributable to BioTime, Inc. to net cash used in operating activities:		
Depreciation expense	256,945	113,356
Amortization of intangible assets	1,367,998	642,573
Amortization of deferred consulting fees	16,279	16,280
Amortization of deferred license fees	27,375	27,375
Amortization of deferred rent	(5,040)	(2,222)
Amortization of deferred license, royalty and subscription revenues	(280)	(42,996)
Amortization of stock-based prepaid rent	21,146	-
Net loss allocable to noncontrolling interest	(1,629,017)	(689,282)
Stock-based compensation	801,554	691,946
Deferred income tax benefit	(1,349,026)	-
Loss on sale or write-off of equipment	8,576	1,523
Deferred revenues	(57,402)	-
Changes in operating assets and liabilities:		
Accounts receivable, net	(24,441)	(82,916)
Grant receivable	202,122	371,886
Inventory	(57,894)	2,981
Prepaid expenses and other current assets	(375,224)	(243,798)
Accounts payable and accrued liabilities	(1,276,211)	(101,319)
Other long-term liabilities	(185,717)	(7,806)
Net cash used in operating activities	(10,357,271)	(7,021,682)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(231,921)	(496,128)
Security deposit paid, net	(299,697)	(54,423)
Proceeds from the sale of equipment	4,000	-
Cash used in investing activities	(527,618)	(550,551)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Employee options exercised	12,500	-
Director options exercised	46,000	-
Proceeds from issuance of common shares	8,182,559	11,699,340
Fees paid on sale of common shares	(212,046)	(319,625)
Proceeds from sale of treasury shares	599,472	1,602,921
Proceeds from sale of preferred stock	3,500,000	-
Proceeds from sale of common shares of subsidiary	-	130,502
Net cash provided by financing activities	12,128,485	13,113,138
Effect of exchange rate changes on cash and cash equivalents	(101,240)	5,463
NET CHANGE IN CASH AND CASH EQUIVALENTS:	1,142,356	5,546,368
CASH AND CASH EQUIVALENTS:		
At beginning of the period	5,495,478	4,349,967
At end of the period	$ 6,637,834	$ 9,896,335
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 8,472	$ -
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES:		
Common shares issued for consulting services	$ -	$ 77,280
Common shares issued for rent	$ -	$ 242,720

See accompanying notes to the condensed consolidated interim financial statements.

1. Organization, Basis of Presentation, and Summary of Select Significant Accounting Policies

General – BioTime is a biotechnology company engaged in two areas of biomedical research and product development. BioTime's primary focus is in the field of regenerative medicine; specifically human embryonic stem ("hES") cell and induced pluripotent stem ("iPS") cell technology. Regenerative medicine refers to therapies based on stem cell technology that are designed to rebuild cell and tissue function lost due to degenerative disease or injury. hES and iPS cells provide a means of manufacturing every cell type in the human body and therefore show considerable promise for the development of a number of new therapeutic products. BioTime and its subsidiaries plan to develop stem cell products for research and therapeutic use. Asterias Biotherapeutics, Inc. ("Asterias") acquired the stem cell assets of Geron Corporation ("Geron") that had been used in Geron's hES cell research and development programs for the development of products for human therapeutics in the following fields: neurology, oncology, orthopedics, and heart failure and myocardial infarction. OncoCyte Corporation ("OncoCyte") is developing products and technologies to diagnose cancer. ES Cell International Pte Ltd. ("ESI"), a Singapore private limited company, and BioTime's ESI BIO division are marketing hES cell lines and stem cell related research products in domestic and over-seas markets. OrthoCyte Corporation ("OrthoCyte") is developing therapies to treat orthopedic disorders, diseases and injuries. ReCyte Therapeutics, Inc. ("ReCyte Therapeutics") is developing therapies to treat a variety of cardiovascular and related ischemic disorders, as well as products for research using cell reprogramming technology. Cell Cure Neurosciences Ltd. ("Cell Cure Neurosciences") is an Israel-based biotechnology company focused on developing stem cell-based therapies for retinal and neurological disorders, including the development of retinal pigment epithelial cells for the treatment of macular degeneration, and treatments for multiple sclerosis. LifeMap Sciences, Inc. ("LifeMap Sciences") markets, sells and distributes *GeneCards*®, the leading human gene database and an integrated database suite that includes *GeneCards*®, the *LifeMap Discovery*® database of embryonic development, stem cell research and regenerative medicine, and MalaCards, the human disease database.

BioTime is focusing a portion of its efforts in the field of regenerative medicine on the development and sale of advanced human stem cell products and technologies that can be used by researchers at universities and other institutions, at companies in the bioscience and biopharmaceutical industries, and at other companies that provide research products to companies in those industries. Products for the research market generally can be sold without regulatory (FDA) approval, and are therefore relatively near-term business opportunities when compared to therapeutic products.

BioTime previously developed blood plasma volume expanders and related technology for use in surgery, emergency trauma treatment and other applications. BioTime's operating revenues are now derived primarily from licensing fees and advertising from the marketing of the LifeMap Sciences database products, from royalties and licensing fees related to the sale of its plasma volume expander product, *Hextend*®, from the sale of products for research, and from research grants.

The unaudited condensed consolidated interim balance sheet as of March 31, 2014, the unaudited condensed consolidated interim statements of operations and comprehensive loss for the three months ended March 31, 2014 and 2013, and the unaudited condensed consolidated interim statements of cash flows for the three months ended March 31, 2014 and 2013 have been prepared by BioTime's management in accordance with the instructions from Form 10-Q and Regulation S-X. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at March 31, 2014 have been made. The consolidated balance sheet as of December 31, 2013 is derived from the Company's annual audited financial statements as of that date. The results of operations for the three months ended March 31, 2014 are not necessarily indicative of the operating results anticipated for the full year of 2014.

Certain information and footnote disclosures normally included in consolidated 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 ("SEC") except for the consolidated balance sheet as of December 31, 2013, which was derived from audited financial statements. Certain previously furnished amounts have been reclassified to conform with presentations made during the current periods. It is suggested that these condensed consolidated interim financial statements be read in conjunction with the annual audited consolidated financial statements and notes thereto included in BioTime's Form 10-K for the year ended December 31, 2013.

Principles of consolidation – BioTime's consolidated financial statements include the accounts of its subsidiaries. The following table reflects BioTime's ownership, directly or through one or more subsidiaries, of the outstanding shares of its subsidiaries.

Subsidiary	Field of Business	BioTime Ownership	Country
Asterias Biotherapeutics, Inc.	Research, development and commercialization of human therapeutic products from stem cells potentially in the fields of neurology, oncology, orthopedics, and cardiology	71.6%	USA
ES Cell International Pte Ltd	Stem cell products for research, including clinical grade cell lines produced under cGMP	100%	Singapore
OncoCyte Corporation	Cancer diagnostics	75.3%	USA
OrthoCyte Corporation	Orthopedic diseases, including chronic back pain and osteoarthritis	100%	USA
Cell Cure Neurosciences Ltd.	Age-related macular degeneration Multiple sclerosis Parkinson's disease	62.5%	Israel
ReCyte Therapeutics, Inc.	Vascular disorders, including cardiovascular-related diseases, ischemic conditions, vascular injuries Stem cell-derived endothelial and cardiovascular related progenitor cells for research, drug testing, and therapeutics	94.8%	USA
BioTime Asia, Limited	Stem cell products for research	81%	Hong Kong
LifeMap Sciences, Inc.	Genetic, disease, and stem cell databases	73.2%	USA
LifeMap Sciences, Ltd.	Stem cell database	(1)	Israel
LifeMap Solutions, Inc.	Mobile health software	(1)	USA

(1) LifeMap Sciences, Ltd. and LifeMap Solutions, Inc. are wholly-owned subsidiaries of LifeMap Sciences, Inc.

All material intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements are presented in accordance with accounting principles generally accepted in the U.S. ("GAAP") and with the accounting and reporting requirements of SEC Regulation S-X. As of March 31, 2014, BioTime consolidated Asterias, ReCyte Therapeutics, OncoCyte, OrthoCyte, ESI, Cell Cure Neurosciences, BioTime Asia, Limited ("BioTime Asia"), LifeMap Sciences, and LifeMap Sciences, Ltd. as BioTime has the ability to control their operating and financial decisions and policies through its ownership, and the noncontrolling interest is reflected as a separate element of equity on BioTime's condensed consolidated balance sheets.

Certain significant risks and uncertainties – The operations of BioTime and its subsidiaries are subject to a number of factors that can affect their operating results and financial condition. Such factors include but are not limited to, the following: the results of clinical trials of their respective therapeutic product and medical device candidates; their ability to obtain FDA and foreign regulatory approval to market their respective therapeutic and medical device product candidates; their ability to develop new stem cell research products and technologies; competition from products manufactured and sold or being developed by other companies; the price and demand for their products; their ability to obtain additional financing and the terms of any such financing that may be obtained; their ability to negotiate favorable licensing or other manufacturing and marketing agreements for its products; the availability of ingredients used in their products; and the availability of reimbursement for the cost of their therapeutic products and medical devices (and related treatment) from government health administration authorities, private health coverage insurers, and other organizations.

Use of estimates – The preparation of condensed consolidated financial statements in conformity with GAAP 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 condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition – BioTime complies with SEC Staff Accounting Bulletin guidance on revenue recognition. Royalty revenues consist of product royalty payments. License fee revenues consist primarily of subscription and advertising revenue from our online databases which are recognized based upon respective subscription or advertising periods. Other license fees under certain license agreements were recognized during prior periods when earned and reasonably estimable. Royalties consist primarily of royalties earned on sales of *Hextend*® and are recognized as revenue in the quarter in which the royalty reports are received from the licensee, rather than the quarter in which the sales took place. When BioTime is entitled to receive up-front nonrefundable licensing or similar fees pursuant to agreements under which BioTime has no continuing performance obligations, the fees are recognized as revenues when collection is reasonably assured. When BioTime receives up-front nonrefundable licensing or similar fees pursuant to agreements under which BioTime does have continuing performance obligations, the fees are deferred and amortized ratably over the performance period. If the performance period cannot be reasonably estimated, BioTime amortizes nonrefundable fees over the life of the contract until such time that the performance period can be more reasonably estimated. Milestone payments, if any, related to scientific or technical achievements are recognized in income when the milestone is accomplished if (a) substantive effort was required to achieve the milestone, (b) the amount of the milestone payment appears reasonably commensurate with the effort expended, and (c) collection of the payment is reasonably assured. Grant income and the sale of research products are recognized as revenue when earned. Revenues from the sale of research products are primarily derived from the sale of hydrogels and stem cell products.

Cash and cash equivalents – BioTime considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts – Total trade receivables amounted to approximately $600,400 and $575,900 and grants receivable amounted to approximately $334,700 and $539,300 as of March 31, 2014 and December 31, 2013, respectively. Some of these amounts are deemed uncollectible; as such BioTime recognized allowance for doubtful accounts of approximately $116,800 as of March 31, 2014 and December 31, 2013. BioTime evaluates the collectability of its receivables based on a variety of factors, including the length of time receivables are past due and significant one-time events and historical experience. An additional reserve for individual accounts will be recorded if BioTime becomes aware of a customer's inability to meet its financial obligations, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted.

Concentrations of credit risk – Financial instruments that potentially subject BioTime to significant concentrations of credit risk consist primarily of cash and cash equivalents. BioTime limits the amount of credit exposure of cash balances by maintaining its accounts in high credit quality financial institutions. Cash equivalent deposits with financial institutions may occasionally exceed the limits of insurance on bank deposits; however, BioTime has not experienced any losses on such accounts.

Inventory – Inventories are stated at the lower of cost or market. Cost, which includes amounts related to materials, labor, and overhead, is determined in a manner which approximates the first-in, first-out ("FIFO") method.

Equipment – Equipment is stated at cost. Equipment is being depreciated using the straight-line method over a period of 36 to 120 months. See Note 3.

Intangible assets – Intangible assets with finite useful lives are amortized over estimated useful lives and intangible assets with indefinite lives are not amortized but rather are tested at least annually for impairment. Acquired in-process research and development intangible assets are accounted for depending on whether they were acquired as part of an acquisition of a business, or as assets that do not constitute a business. When acquired in conjunction with acquisition of a business, these assets are considered to be indefinite-lived until the completion or abandonment of the associated research and development efforts and are capitalized as an asset. If and when development is complete, the associated assets would be deemed finite-lived and would then be amortized based on their respective estimated useful lives at that point in time. However, when acquired in conjunction with an acquisition of assets that do not constitute a business (such as the acquisition of assets from Geron), in accordance with the accounting rules in ASC 805-50, such intangible assets related to in-process research and development ("IPR&D") are expensed upon acquisition. See Note 8.

Treasury stock – BioTime accounts for BioTime common shares issued to subsidiaries for future potential working capital needs as treasury stock on the consolidated balance sheet. BioTime has the intent and ability to register any unregistered shares to support the marketability of the shares.

Warrants to purchase common stock – BioTime generally accounts for warrants issued in connection with equity financings as a component of equity. None of the warrants issued by BioTime as of March 31, 2014 include a conditional obligation to issue a variable number of shares; nor was there a deemed possibility that BioTime may need to settle the warrants in cash. If BioTime were to issue warrants with a conditional obligation to issue a variable number of shares or with the deemed possibility of a cash settlement, BioTime would record the fair value of the warrants as a liability at each balance sheet date and record changes in fair value in other income and expense in the consolidated statements of operations.

Cost of sales – BioTime accounts for the cost of research products acquired for sale and any royalties paid as a result of any revenues in accordance with the terms of the respective licensing agreements as cost of sales on the condensed consolidated statement of operations.

Patent costs – Costs associated with obtaining patents on products or technology developed are expensed as general and administrative expenses when incurred. This accounting is in compliance with guidance promulgated by the Financial Accounting Standards Board (the "FASB") regarding goodwill and other intangible assets.

Reclassification – Certain prior year amounts have been reclassified to conform to the current year presentation. Trade and grant receivables are now presented in a separate row from prepaid expenses and other current assets. Additionally, we have carved out the loss on sale of fixed assets amount from other expenses.

Research and development – BioTime complies with FASB requirements governing accounting for research and development costs. Research and development costs are expensed when incurred, and consist principally of salaries, payroll taxes, consulting fees, research and laboratory fees, rent of research facilities, and license fees paid to third parties to acquire patents or licenses to use patents and other technology.

Foreign currency translation gain and Comprehensive loss – In countries in which BioTime operates, and the functional currency is other than the U.S. dollar, assets and liabilities are translated using published exchange rates in effect at the condensed consolidated balance sheet date. Revenues and expenses and cash flows are translated using an approximate weighted average exchange rate for the period. Resulting translation adjustments are recorded as a component of accumulated other comprehensive income on the condensed consolidated balance sheet. For the three months ended March 31, 2014 and 2013, comprehensive loss includes foreign currency translation loss of $104,590 and gain of $148,437, respectively and unrealized loss of $2,650 on Geron common shares held by Asterias as of March 31, 2014. The unrealized gain/loss from the Geron shares is a component of comprehensive loss because these shares are considered a marketable equity security that are available for sale. For the three months ended March 31, 2014 and 2013, foreign currency transaction loss, included in other income/(expense), amounted to $10,212 and $21,977, respectively.

Income taxes – BioTime accounts for income taxes in accordance with GAAP requirements, which prescribe the use of the asset and liability method, whereby deferred tax asset or liability account balances are calculated at the balance sheet date using current tax laws and rates in effect. Valuation allowances are established when necessary to reduce deferred tax assets when it is more likely than not that a portion or all of the deferred tax assets will not be realized. The FASB guidance also prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not sustainable upon examination by taxing authorities. For 2013, Asterias will file separate U.S. federal and state income tax returns but effectively BioTime will combine Asterias' tax provision with BioTime's. BioTime recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense, however, no amounts were accrued for the payment of interest and penalties as of March 31, 2014 and 2013 respectively. BioTime files its income tax returns in the U.S. federal and various state and local and foreign jurisdictions. Generally, BioTime is no longer subject to income tax examinations by major taxing authorities for years before 2010. Any potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with U.S. federal, state and local and foreign tax laws. Management does not expect that the total amount of unrecognized tax benefits will materially change over the next nine months.

A deferred income tax benefit of approximately $1,349,000 was recorded for the three months ended March 31, 2014, of which approximately $1,151,000 was related to federal and $198,000 was related to state taxes. A deferred income tax benefit of approximately $3,280,000 was recorded for the year ended December 31, 2013, of which approximately $2,800,000 was related to federal and $480,000 was related to state taxes. No tax benefit had been recorded through September 30, 2013 because of the net operating losses incurred and a full valuation allowance had been provided.

Stock-based compensation – BioTime adopted accounting standards governing share-based payments, which require the measurement and recognition of compensation expense for all share-based payment awards made to directors and employees, including employee stock options, based on estimated fair values. In March 2005, the SEC issued additional guidelines which provide supplemental implementation guidance for valuation of share-based payments. BioTime has applied the provisions of this guidance in such valuations as well. Consistent with those guidelines, BioTime utilizes the Black-Scholes Merton option pricing model. BioTime's determination of fair value of share-based payment awards on the date of grant using that option-pricing model is affected by BioTime's stock price as well as by assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, BioTime's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate is based on the U.S. Treasury rates in effect during the corresponding period of grant. Although the fair value of employee stock options is determined in accordance with recent FASB guidance, changes in the subjective assumptions can materially affect the estimated value.

Impairment of long-lived assets – BioTime's long-lived assets, including intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If an impairment indicator is present, BioTime will evaluate recoverability by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If the assets are impaired, the impairment recognized is measured by the amount by which the carrying amount exceeds the estimated fair value of the assets.

Deferred license and consulting fees – Deferred license and consulting fees consist of the value of warrants issued to third parties for services, and deferred license fees paid to acquire rights to use the proprietary technologies of third parties. The value of the warrants is being amortized over the period the services are being provided, and the license fees are being amortized over the estimated useful lives of the licensed technologies or licensed research products. See Note 5.

Loss per share – Basic net loss per share is computed by dividing net loss attributable to BioTime by the weighted-average number of common shares outstanding for the period. Diluted net loss per share reflects the weighted-average number of common shares outstanding plus the potential effect of dilutive securities or contracts which are convertible to common shares, such as options and warrants (using the treasury stock method) and shares issuable in future periods, except in cases where the effect would be anti-dilutive. Diluted loss per share for the three months ended March 31, 2014, and 2013 excludes any effect from 10,546,137 treasury shares, 5,491,301 options and 9,751,615 warrants and 2,360,968 treasury shares, 4,771,301 options and 816,612 warrants, respectively.

Fair value of financial instruments – The fair value of BioTime's assets and liabilities, which qualify as financial instruments under FASB guidance regarding disclosures about fair value of financial instruments, approximate the carrying amounts presented in the accompanying condensed consolidated balance sheets.

Effect of recently issued and recently adopted accounting pronouncements – There are no recently issued accounting standards which are not yet effective which BioTime believes would materially impact the condensed consolidated financial statements.

2. Inventory

BioTime held $223,665 and $165,771 of inventory of finished products on-site at its corporate headquarters in Alameda, California at March 31, 2014 and December 31, 2013, respectively. Finished goods products of $12,923 were held by a third party on consignment at March 31, 2014 and December 31, 2013.

3. Equipment

At March 31, 2014 and December 31, 2013, equipment, furniture and fixtures were comprised of the following:

	March 31, 2014 (unaudited)	December 31, 2013
Equipment, furniture and fixtures	$ 4,645,077	$ 4,431,586
Accumulated depreciation	(1,685,927)	(1,433,853)
Equipment, net	$ 2,959,150	$ 2,997,733

Depreciation expense amounted to $256,945 and $113,356 for the three months ended March 31, 2014 and 2013, respectively.

4. Intangible assets

At March 31, 2014 and December 31, 2013, intangible assets and intangible assets net of amortization were comprised of the following:

	March 31, 2014 (unaudited)	December 31, 2013
Intangible assets	$ 54,719,918	$ 54,719,918
Accumulated amortization	(9,879,831)	(8,511,833)
Intangible assets, net	$ 44,840,087	$ 46,208,085

BioTime amortizes its intangible assets generally over an estimated period of 10 years on a straight line basis. BioTime recognized $1,367,998 and $642,573 in amortization expense of intangible assets during the three months ended March 31, 2014 and 2013, respectively.

5. Royalty Obligation and Deferred License Fees

BioTime amortizes deferred license fees over the estimated useful lives of the licensed technologies or licensed research products. BioTime is applying a 10 year estimated useful life to the technologies and products that it is currently licensing. The estimation of the useful life any technology or product involves a significant degree of inherent uncertainty, since the outcome of research and development or the commercial life a new product cannot be known with certainty at the time that the right to use the technology or product is acquired. BioTime will review its amortization schedules for impairments that might occur earlier than the original expected useful lives.

WARF License—Research Products

On January 3, 2008, BioTime entered into a Commercial License and Option Agreement with Wisconsin Alumni Research Foundation ("WARF"). The WARF license permits BioTime to use certain patented and patent pending technology belonging to WARF, as well as certain stem cell materials, for research and development purposes, and for the production and marketing of products used as research tools, including in drug discovery and development. BioTime or ReCyte Therapeutics will pay WARF royalties on the sale of products and services using the technology or stem cells licensed from WARF. The royalty will range from 2% to 4%, depending on the kind of products sold. The royalty rate is subject to certain reductions if BioTime also becomes obligated to pay royalties to a third party in order to sell a product. BioTime paid licensing fees, totaling $295,000 in cash and BioTime stock, and reimbursed WARF for certain costs associated with preparing, filing, and maintaining the licensed patents. In addition, BioTime pays WARF $25,000 annually as a license maintenance fee. The licensing fees less the amortized portion were included in deferred license fees in BioTime's condensed consolidated balance sheet as of March 31, 2014 and December 31, 2013.

ReCyte Therapeutics Licenses from ACT

On July 10, 2008, ReCyte Therapeutics entered into a License Agreement with Advanced Cell Technology, Inc. ("ACT"), under which ReCyte Therapeutics acquired exclusive worldwide rights to use ACT's "*ACTCellerate*™" technology for methods to accelerate the isolation of novel cell strains from pluripotent stem cells. ReCyte Therapeutics paid ACT a $250,000 license fee. ReCyte Therapeutics has assigned its rights under the License Agreement to BioTime. BioTime will pay an 8% royalty on sales of products, services, and processes that utilize the licensed technology. Once a total of $1,000,000 of royalties has been paid, no further royalties will be due. The license will expire in twenty years or upon the expiration of the last to expire of the licensed patents, whichever is later. The $250,000 license fee less the amortized portion is included in deferred license fees in BioTime's condensed consolidated balance sheet as of March 31, 2014 and December 31, 2013.

On August 15, 2008, ReCyte Therapeutics entered into a License Agreement and a Sublicense Agreement with ACT under which ReCyte Therapeutics acquired world-wide rights to use an array of ACT technology (the "ACT License") and technology licensed by ACT from affiliates of Kirin Pharma Company, Limited (the "Kirin Sublicense"). The ACT License and Kirin Sublicense permit the commercialization of products in human therapeutic and diagnostic product markets.

The technology licensed by ReCyte Therapeutics covers methods to transform cells of the human body, such as skin cells, into an embryonic state in which the cells will be pluripotent. Under the ACT License, ReCyte Therapeutics paid ACT a $200,000 license fee and will pay a 5% royalty on sales of products, services, and processes that utilize the licensed ACT technology, and 20% of any fees or other payments (other than equity investments, research and development costs, loans and royalties) received by ReCyte Therapeutics from sublicensing the ACT technology to third parties. Once a total of $600,000 of royalties has been paid, no further royalties will be due. The license will expire in twenty years or upon the expiration of the last-to-expire of the licensed patents, whichever is later. The $200,000 license fee payment less the amortized portion is included in deferred license fees in BioTime's condensed consolidated balance sheet as of March 31, 2014 and December 31, 2013.

Under the Kirin Sublicense, ReCyte Therapeutics has paid ACT a $50,000 license fee and will pay a 3.5% royalty on sales of products, services, and processes that utilize the licensed ACT technology, and 20% of any fees or other payments (other than equity investments, research and development costs, loans and royalties) received by ReCyte Therapeutics from sublicensing the Kirin Technology to third parties. ReCyte Therapeutics will also pay to ACT or to an affiliate of Kirin Pharma Company, Limited ("Kirin"), annually, the amount, if any, by which royalties payable by ACT under its license agreement with Kirin are less than the $50,000 annual minimum royalty due. Those payments by ReCyte Therapeutics will be credited against other royalties payable to ACT under the Kirin Sublicense. The license will expire upon the expiration of the last to expire of the licensed patents, or May 9, 2016 if no patents are issued. The $50,000 license fee payment less the amortized portion is included in deferred license fees in BioTime's condensed consolidated balance sheet as of March 31, 2014 and December 31, 2013.

ReCyte Therapeutics License from RGI

On February 29, 2009, ReCyte Therapeutics entered into a Stem Cell Agreement with Reproductive Genetics Institute ("RGI"). In partial consideration of the rights and licenses granted to ReCyte Therapeutics by RGI, BioTime issued to RGI 32,259 common shares, having a market value of $50,000 on the effective date of the Stem Cell Agreement. This $50,000 payment less the amortized portion is included in deferred license fees in BioTime's condensed consolidated balance sheet as of March 31, 2014 and December 31, 2013.

OncoCyte License from SBMRI

Through BioTime's acquisition of the assets of Cell Targeting, Inc. during March 2011, BioTime acquired a royalty-bearing, exclusive, worldwide license from the Sanford-Burnham Medical Research Institute ("SBMRI") to use certain patents pertaining to homing peptides for preclinical research investigations of cell therapy treatments, and to enhance cell therapy products for the treatment and prevention of disease and injury in conjunction with BioTime's own proprietary technology or that of a third party. BioTime assigned the SBMRI license to OncoCyte during July 2011. OncoCyte will pay SBMRI a royalty of 4% on the sale of pharmaceutical products, and 10% on the sale of any research-use products that OncoCyte develops using or incorporating the licensed technology; and 20% of any payments OncoCyte receives for sublicensing the patents to third parties. The royalties payable to SBMRI may be reduced by 50% if royalties or other fees must be paid to third parties in connection with the sale of any products. An annual license maintenance fee is payable each year during the term of the license, and after commercial sales of royalty bearing products commence, the annual fee will be credited towards OncoCyte's royalty payment obligations for the applicable year. OncoCyte will reimburse SBMRI for 25% of the costs incurred in filing, prosecuting, and maintaining patent protection, subject to OncoCyte's approval of the costs. OncoCyte incurred no royalty expenses to date as of March 31, 2014.

Cell Cure Neurosciences License from Hadasit

Cell Cure Neurosciences has entered into an Amended and Restated Research and License Agreement with Hadasit Medical Research Services and Development, Ltd. ("Hadasit") under which Cell Cure Neurosciences received an exclusive license to use certain of Hadasit's patented technologies for the development and commercialization for hES cell-derived cell replacement therapies for retinal degenerative diseases. Cell Cure Neurosciences paid Hadasit 249,058 New Israeli Shekels as a reimbursement for patent expenses incurred by Hadasit, and pays Hadasit quarterly fees for research and product development services under a related Product Development Agreement.

If Teva Pharmaceutical Industries Ltd. ("Teva") exercises its option to license *OpRegen*® or *OpRegen*®*-Plus* under the terms of a Research and Exclusive License Option Agreement (the "Teva License Option Agreement"), Cell Cure Neurosciences will pay Hadasit 30% of all sublicensing payments made by Teva to Cell Cure Neurosciences, other than payments for research, reimbursements of patent expenses, loans or equity investments.

If Teva does not exercise its option and Cell Cure Neurosciences instead commercializes *OpRegen®* or *OpRegen®-Plus* itself or sublicenses the Hadasit patents to a third party for the completion of development or commercialization of *OpRegen®* or *OpRegen®-Plus*, Cell Cure Neurosciences will pay Hadasit a 5% royalty on sales of products that utilize the licensed technology. Cell Cure Neurosciences will also pay sublicensing fees ranging from 10% to 30% of any payments Cell Cure Neurosciences receives from sublicensing the Hadasit patents to companies other than Teva. Commencing in January 2017, Hadasit will be entitled to receive an annual minimum royalty payment of $100,000 that will be credited toward the payment of royalties and sublicense fees otherwise payable to Hadasit during the calendar year. If Cell Cure Neurosciences or a sublicensee other than Teva paid royalties during the previous year, Cell Cure Neurosciences may defer making the minimum royalty payment until December and will be obligated to make the minimum annual payment to the extent that royalties and sublicensing fee payments made during that year are less than $100,000.

If Teva does not exercise its option under the Teva License Option Agreement and instead Cell Cure Neurosciences or a sublicensee other than Teva conducts clinical trials of *OpRegen®* or *OpRegen®-Plus*, Hadasit will be entitled to receive certain milestone payments from Cell Cure Neurosciences upon the first attainment of certain clinical trial milestones in the process of seeking regulatory approval to market a product developed by Cell Cure Neurosciences using the licensed patents. Hadasit will receive $250,000 upon the enrollment of patients in the first Phase I clinical trial, $250,000 upon the submission of Phase II clinical trial data to a regulatory agency as part of the approval process, and $1 million upon the enrollment of the first patient in the first Phase III clinical trial. These milestone payments are creditable by Cell Cure Neurosciences against sublicensing receipts that are payable to Hadasit at the time of each milestone payment for said milestone payment, except that the $1 million milestone payment shall only be creditable by Cell Cure Neurosciences if it received the sublicensing receipts in the amount of $50 million.

BioTime License for the University of Utah

Through the merger of Glycosan into OrthoCyte during March 2011, BioTime acquired a license from the University of Utah to use certain patents in the production and sale of certain hydrogel products. Under the License Agreement, the scope of which was expanded by an amendment during August 2012, BioTime will pay a 3% royalty on sales of products and services performed that utilize the licensed patents. Commencing in 2014, BioTime will be obligated to pay minimum royalties to the extent that actual royalties on products sales and services utilizing the patents are less than the minimum royalty amount. The minimum royalty amounts are $2,500 in 2014 and $30,000 each year thereafter during the term of the License Agreement. BioTime shall also pay the University of Utah 30% of any sublicense fees or royalties received under any sublicense of the licensed patents.

BioTime will pay the University of Utah $5,000 upon the issuance of each of the first five licensed patents issued in the U.S., subject to reduction to $2,500 for any patent that the University has licensed to two or more other licensees for different uses. BioTime will also pay a $225,000 milestone fee within six months after the first sale of a “tissue engineered product” that utilizes a licensed patent. A tissue engineered product is defined as living human tissues or cells on a polymer platform, created at a place other than the point-of-care facility, for transplantation into a human patient.

BioTime License from Cornell University

On August 23, 2011, BioTime entered into a License Agreement with Cornell University for the worldwide development and commercialization of technology for the differentiation of hES cells into vascular endothelial cells.

Cornell will be entitled to receive a nominal initial license fee and nominal annual license maintenance fees. The obligation to pay annual license maintenance fees will end when the first human therapeutic products developed under the license is sold. BioTime will pay Cornell a milestone payment upon the achievement of a research product sale milestone amount, and will make milestone payments upon the attainment of certain FDA approval milestones for therapeutic products developed under the license, including (i) the first Phase II clinical trial dosing of a human therapeutic product, (ii) the first Phase III clinical trial dosing of a human therapeutic product; (iii) FDA approval of the first human therapeutic product for age-related vascular disease; and (iv) FDA approval of the first human therapeutic product for cancer.

BioTime will pay Cornell royalties on the sale of products and services using the license, and will share with Cornell a portion of any cash payments, other than royalties, that BioTime receives for the grant of sublicenses to non-affiliates. The potential royalty percentage rates to be paid to Cornell will be in the low to mid-single digit range depending on the product. BioTime will also reimburse Cornell for costs related to the patent applications and any patents that may issue that are covered by the license.

In conjunction with the License Agreement, BioTime also entered into a Sponsored Research Agreement under which scientists at Weill Cornell Medical College will engage in certain research for BioTime over a three year period beginning August 2011.

Asterias License from WARF

Asterias has entered into a Non-Exclusive License Agreement with WARF under which Asterias was granted a worldwide non-exclusive license under certain WARF patents and WARF-owned embryonic stem cell lines to develop and commercialize therapeutic, diagnostic and research products. The licensed patents include patents covering primate embryonic stem cells as compositions of matter, as well as methods for growth and differentiation of primate embryonic stem cells. The licensed stem cell lines include the H1, H7, H9, H13 and H14 hES cell lines.

In consideration of the rights licensed, Asterias has agreed to pay WARF an upfront license fee, payments upon the attainment of specified clinical development milestones, royalties on sales of commercialized products, and, subject to certain exclusions, a percentage of any payments that Asterias may receive from any sublicenses that it may grant to use the licensed patents or stem cell lines.

The license agreement will terminate with respect to licensed patents upon the expiration of the last licensed patent to expire. Asterias may terminate the license agreement at any time by giving WARF prior written notice. WARF may terminate the license agreement if payments of earned royalties, once begun, cease for a specified period of time or if Asterias and any third parties collaborating or cooperating with Asterias in the development of products using the licensed patents or stem cell lines fail to spend a specified minimum amount on research and development of products relating to the licensed patents or stem cell lines for a specified period of time. WARF also has the right to terminate the license agreement if Asterias breaches the license agreement or becomes bankrupt or insolvent or if any of the licensed patents or stem cell lines are offered to creditors.

Asterias License from the University of California

Geron assigned to Asterias its Exclusive License Agreement with The Regents of the University of California for patents covering a method for directing the differentiation of multipotential hES cells to glial-restricted progenitor cells that generate pure populations of oligodendrocytes for remyelination and treatment of spinal cord injury. Pursuant to this agreement, Asterias has an exclusive worldwide license under such patents, including the right to grant sublicenses, to create products for biological research, drug screening, and human therapy using the licensed patents. Under the license agreement, Asterias will be obligated to pay the university a royalty of 1% from sales of products that are covered by the licensed patent rights, and a minimum annual royalty of $5,000 starting in the year in which the first sale of a product covered by any licensed patent rights occurs, and continuing for the life of the applicable patent right under the agreement. The royalty payments due are subject to reduction, but not by more than 50%, to the extent of any payments that Asterias may be obligated to pay to a third party for the use of patents or other intellectual property licensed from the third party in order to make, have made, use, sell, or import products or otherwise exercise its rights under the Exclusive License Agreement. Asterias will be obligated to pay the university 7.5% of any proceeds, excluding debt financing and equity investments, and certain reimbursements, that its receives from sublicensees, other than Asterias' affiliates and joint ventures relating to the development, manufacture, purchase, and sale of products, processes, and services covered by the licensed patent. The license agreement will terminate on the expiration of the last-to-expire of the university's issued licensed patents. If no further patents covered by the license agreement are issued, the license agreement would terminate in 2024. The university may terminate the agreement in the event of Asterias' breach of the agreement. Asterias can terminate the agreement upon 60 days' notice.

Asterias Sublicense from Geron

Asterias has received from Geron an exclusive sublicense under certain patents owned by the University of Colorado's University License Equity Holdings, Inc. relating to telomerase (the "Telomerase Sublicense"). The Telomerase Sublicense entitles Asterias to use the technology covered by the patents in the development of VAC1 and VAC2 as immunological treatments for cancer. Under the Telomerase Sublicense, Asterias paid Geron a one-time upfront license fee of $65,000, and will pay Geron an annual license maintenance fee of $10,000 due on each anniversary of the effective date of the Telomerase Sublicense, and a 1% royalty on sales of any products that Asterias may develop and commercialize that are covered by the sublicensed patents. The Telomerase Sublicense will expire concurrently with the expiration of Geron's license. That license will terminate during April 2017 when the licensed patents expire. The Telomerase Sublicense may also be terminated by Asterias by giving Geron 90 days written notice, by Asterias or by Geron if the other party breaches its obligations under the sublicense agreement and fails to cure their breach within the prescribed time period, or by Asterias or by Geron upon the filing or institution of bankruptcy, reorganization, liquidation or receivership proceedings, or upon an assignment of a substantial portion of the assets for the benefit of creditors by the other party. See Note 8.

As of March 31, 2014, future amortization of deferred license fees described above was as follows:

Year Ended December 31,	Deferred License Fees
2014	$ 83,615
2015	111,000
2016	111,000
2017	111,000
Thereafter	111,843
Total	$ 528,458

6. Accounts Payable and Accrued Liabilities

At March 31, 2014 and December 31, 2013, accounts payable and accrued liabilities consisted of the following:

	March 31, 2014 (unaudited)	December 31, 2013
Accounts payable	$ 2,527,330	$ 3,887,950
Accrued bonuses	229,905	600,000
Other accrued liabilities	2,685,828	2,234,674
	$ 5,443,063	$ 6,722,624

7. Equity

Preferred Shares

BioTime is authorized to issue 2,000,000 shares of preferred stock. The preferred shares may be issued in one or more series as the board of directors may by resolution determine. The board of directors is authorized to fix the number of shares of any series of preferred shares and to determine or alter the rights, references, privileges, and restrictions granted to or imposed on the preferred shares as a class, or upon any wholly unissued series of any preferred shares. The board of directors may, by resolution, increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series of preferred shares subsequent to the issue of shares of that series.

As of March 31, 2014, BioTime has 70,000 outstanding preferred shares. On March 4, 2014, BioTime sold 70,000 shares of a newly authorized Series A Convertible Preferred Stock (“Series A Preferred Stock”) for $3.5 million. The Series A Preferred Stock carries a cumulative annual 3% preferred dividend or $1.50 per share, in preference to BioTime common shares. Each share of Series A Preferred Stock is convertible, at the election of the holder, into BioTime common shares at a conversion price of $4.00 per share, a current conversion ratio of 12.5 common shares for each share of Series A Preferred Stock.

In connection with the sale of the Series A Preferred Stock, BioTime also entered into an Option Agreement with each purchaser of Series A Preferred Stock entitling them, for a period of five years, to exchange their shares of Series A Preferred Stock for shares of common stock of BioTime’s subsidiary LifeMap Sciences, Inc. held by BioTime at the ratio of 12.5 shares of LifeMap Sciences common stock for each share of BioTime Series A Preferred Stock.

In addition to the preferred dividend, the Series A Preferred Stock will be entitled to participate with BioTime common shares in any dividends or distributions on common shares (other than dividends and distributions of common shares resulting in an adjustment of the conversion price) as if all shares of Series A Preferred Stock were then converted into common shares.

All outstanding Series A Preferred Stock will automatically be converted into common shares on March 4, 2019, or if holders of a majority of the outstanding shares of Series A Preferred Stock, voting as a class, approve or consent to a conversion. The conversion price is subject to prorata adjustment in the event of a subdivision or reclassification of the common shares into a greater number of shares, a stock dividend paid in common shares, or a stock combination or reclassification of the common shares into a smaller number of shares.

The Series A Preferred Stock will be entitled to vote with common shares on all matters submitted to common shareholders for approval. Each share of Series A Preferred Stock will be entitled to a number of votes equal to the number of common shares into which it could then be converted. The Series A Preferred Stock will also vote as a separate class on certain matters affecting those shares.

In the event of a liquidation or dissolution of BioTime, holders of Series A Preferred Stock will be entitled to receive payment of any accrued but unpaid preferred dividends before any assets may be distributed to holders of common shares. After payment of the accrued dividends, the Series A Preferred Stock will participate with the common shares in the distribution of any assets available to shareholders, as if the Series A Preferred Stock was then converted into common shares.

Common Shares

BioTime is authorized to issue 125,000,000 common shares with no par value. As of March 31, 2014, BioTime had issued 69,617,329 common shares and outstanding 59,071,192 common shares.

During the three months ended March 31, 2014 and 2013, BioTime recognized stock-based compensation expenses of $801,554 and $691,946, respectively, due to stock options granted to employees and directors. During the three months ended March 31, 2014 and 2013, BioTime granted 1,205,000 and 1,090,000 options, respectively, under its 2012 Equity Incentive Plan.

During the three months ended March 31, 2014, 45,000 options and no warrants were exercised.

8. Asset Contribution Agreement

On January 4, 2013, BioTime and Asterias entered into an Asset Contribution Agreement with Geron Corporation (“Geron”) pursuant to which BioTime and Geron agreed to concurrently contribute certain assets to Asterias in exchange for shares of Asterias common stock. The transaction closed on October 1, 2013.

Transfer of BioTime Assets

Under the Asset Contribution Agreement, BioTime contributed to Asterias 8,902,077 BioTime common shares registered for re-sale under the Securities Act of 1933, as amended, warrants to subscribe for and purchase 8,000,000 additional BioTime common shares (the “BioTime Warrants”) exercisable for a period of five years at a price of $5.00 per share, subject to pro rata adjustment for certain stock splits, reverse stock splits, stock dividends, recapitalizations and other transactions; a 10% common stock interest in BioTime’s subsidiary OrthoCyte; a 6% ordinary share interest in BioTime’s subsidiary Cell Cure Neurosciences; and a quantity of certain hES cell lines produced under “good manufacturing practices” sufficient to generate master cell banks, and non-exclusive, world-wide, royalty-free licenses to use those cell lines and certain patents pertaining to stem cell differentiation technology for any and all purposes. In return, Asterias issued to BioTime 21,773,340 shares of its Series B common stock, par value $0.0001 per share (“Series B Shares”), and warrants to purchase 3,150,000 Series B Shares, exercisable for a period of three years from the date of issue at an exercise price of $5.00 per share. In addition, BioTime cancelled Asterias’ obligations to repay the principal amount of a loan in the amount of $5,000,000 arising from cash financing provided to Asterias by BioTime during 2013 prior to the closing of the asset contribution transaction under the Asset Contribution Agreement.

Because Asterias is a subsidiary of BioTime, the transfer of assets from BioTime was accounted for as a transaction under common control. Non-monetary assets received by Asterias were recorded at their historical cost basis amounts with BioTime. Monetary assets were recorded at fair value. The difference between the value of assets contributed by BioTime and the fair value of consideration issued to BioTime was recorded as an additional contribution by BioTime, in additional paid-in capital.

The assets transferred by BioTime and the related consideration paid were recorded as follows:

Consideration transferred to BioTime:	
Asterias Series B shares	$ 52,164,568
Warrants to purchase Asterias Series B shares	2,012,481
Excess of contributed assets' value over consideration	4,800,063
Total consideration issued	$ 58,977,112
Assets transferred by BioTime:	
BioTime common shares, at fair value	$ 34,985,163
BioTime Warrants, at fair value	18,276,406
Cancellation of outstanding obligation to BioTime	5,000,000
Investment in affiliates, at cost	415,543
Geron asset acquisition related transaction costs paid by BioTime	300,000
Total assets transferred	$ 58,977,112

The fair value of the Asterias Series B shares issued was estimated at $2.40 based on the Asterias enterprise value as determined on January 4, 2013, at the time the Asset Contribution Agreement was negotiated and executed by its parties, and as adjusted for subsequent changes in fair values of assets the parties agreed to contribute. The fair value of the warrants to purchase Asterias Series B shares was computed using a Black Scholes Merton option pricing model, which utilized the following assumptions: expected term equal to the contractual term of three years, which is equal to the contractual life of the warrants; risk-free rate of 0.63%; 0% expected dividend yield; 69.62% expected volatility based on the average historical common stock volatility of BioTime and Geron, which were used as Asterias' common stock does not have a trading history; a stock price of $2.40; and an exercise price of $5.00.

BioTime common shares were valued at $3.93 using the closing price per BioTime common shares on the NYSE MKT on October 1, 2013. The fair value of the BioTime Warrants was computed using a Black Scholes Merton option pricing model, which utilized the following assumptions: expected term equal to the contractual term of five years, which is equal to the contractual life of the warrants; risk-free rate of 1.42%; 0% expected dividend yield; 77.63% expected volatility based on historical common stock volatility of BioTime; a stock price of $3.93; and an exercise price of $5.00.

The investment in OrthoCyte and Cell Cure Neurosciences stock represents a non-monetary asset and was recorded at BioTime's historical cost because BioTime is a common parent to Asterias and those two BioTime subsidiaries.

Geron Assets Acquisition

Under the Asset Contribution Agreement, Geron contributed to Asterias certain patents, patent applications, trade secrets, know-how and other intellectual property rights with respect to the technology of Geron directly related to the research, development and commercialization of certain products and know-how related to hES cells; certain biological materials, reagents, laboratory equipment; as well as clinical trial documentation, files and data, primarily related to GRNOPC1 clinical trials for spinal cord injury and VAC1 clinical trials for acute myelogenous leukemia. Asterias assumed all obligations related to such assets that would be attributable to periods, events or circumstances after the Asset Contribution Agreement closing date, including those related to an appeal filed in the United States District Court in Civil Action No. C12-04813 (the "ViaCyte Appeal") seeking the reversal of two adverse determinations by the United States Patent and Trademark Office's Board of Patent Appeals and Interferences with respect to two patent applications in U.S. Patent Interference 105,734, involving US patent 7,510,876 (ViaCyte) and US patent application 11/960,477 (Geron), and U.S. Patent Interference 105,827 involving US patent 7,510,876 (ViaCyte) and US patent application 12/543,875 (Geron). Asterias also assumed the patent interferences upon which the ViaCyte Appeal is based, as well as certain oppositions filed by Geron against certain ViaCyte, Inc. patent filings in Australia and in the European Patent Office.

As consideration for the acquisition of assets from Geron, Asterias issued to Geron 6,537,779 shares of Series A common stock, par value $0.0001 per share ("Series A Shares"), which Geron had agreed to distribute to its stockholders, on a pro rata basis, subject to applicable legal requirements and certain other limitations (the "Series A Distribution"). Asterias is also obligated to distribute to the holders of its Series A Shares the 8,000,000 shares of BioTime Warrants contributed to Asterias by BioTime. Asterias will distribute the BioTime Warrants as promptly as practicable after notice from Geron that the Series A Distribution has been completed.

In addition, Asterias agreed to bear certain transaction costs in connection with the Geron asset acquisition. Such transaction costs were allocated to acquisition of assets in the amount of $1,519,904 and issuance of equity in the amount of $541,800.

The assets contributed to Asterias by Geron did not include workforce or any processes to be applied to the patents, biological materials, and other assets acquired, and therefore did not constitute a business. Accordingly, the acquisition of the Geron assets has been accounted for as an acquisition of assets in accordance with the relevant provisions of Accounting Standards Codification (ASC) 805-50. Total consideration payable by Asterias, including transaction costs, has been allocated to the assets acquired based on relative fair values of those assets as of the date of the transaction, October 1, 2013, in accordance with ASC 820, Fair Value Measurement.

The assets acquired from Geron and the related consideration were recorded as follows:

Consideration paid to Geron:	
Asterias Series A shares, net of share issuance costs of $541,800	$ 15,121,222
Obligation to distribute BioTime Warrants	18,276,406
Transaction and other costs	1,519,904
Total consideration paid	$ 34,917,532
Assets acquired from Geron (preliminary allocation):	
Patents and other intellectual property rights related to hES cells	$ 29,017,009
Deferred tax liability arising from difference in book versus tax basis on Geron intangible assets acquired	(11,558,243)
IPR&D expensed upon acquisition	17,458,766
Total assets and in-process research and development acquired	$ 34,917,532

The fair value of the Asterias Series A shares issued was estimated at $2.40 based on the estimated Asterias enterprise value as determined by parties at the time the Asset Contribution Agreement was negotiated and executed by its parties on January 4, 2013, as adjusted for subsequent changes in fair values of assets the parties agreed to contribute.

The fair value of the obligation to distribute BioTime Warrants equals the fair value of such warrants, which was computed as noted above under “Transfer of BioTime Assets.” Because the fair value of the BioTime Warrants is expected to always be equal to the fair value of the obligation to distribute them at any date on which those values are determined, the remeasurement of those values will not result in a charge or credit on the statement of operations.

The difference between the fair value of assets contributed by Geron and the fair value of consideration issued to Geron was recorded as an additional contribution by Geron, in additional paid-in capital, because the fair value of the assets transferred by Geron was more reliably determined.

Assets acquired from Geron consist primarily of patents and other intellectual property rights related to hES cells which Asterias intends to license to various parties interested in research, development and commercialization of hES cells technologies, and IPR&D, which includes biological materials, reagents, clinical trial documentation, files and data related primarily to certain clinical trials previously conducted by Geron, which Geron discontinued in November 2011.

Intangible assets related to IPR&D represent the value of incomplete research and development projects which the company intends to continue. In accordance with the accounting rules in ASC 805, such assets, when acquired in conjunction with acquisition of a business, are considered to be indefinite-lived until the completion or abandonment of the associated research and development efforts and are capitalized as an asset. If and when development is complete, the associated assets would be deemed finite-lived and would then be amortized based on their respective estimated useful lives at that point in time. However, when acquired in conjunction with an acquisition of assets that do not constitute a business (such as the acquisition of assets from Geron), in accordance with the accounting rules in ASC 805-50, such intangible assets related to IPR&D are expensed upon acquisition.

The values of the acquired assets were estimated at October 1, 2013 based upon a preliminary review of those assets which took into account factors such as the condition of the cells, cell lines and other biological materials being contributed, the stage of development of particular technology and product candidates related to patents, patent applications, and know-how, the intended use of these assets and the priority assigned to the development of product candidates to which those assets relate, and the assessment of the estimated useful lives of patents. The amounts allocated to patents and other intellectual property rights that Asterias intends to license were capitalized as intangible assets and are being amortized over an estimated useful life period of 10 years. The amounts allocated to IPR&D were expensed at the time of acquisition of the related assets in accordance with the requirements of ASC 805-50. The allocation was based on the relative fair value of assets eligible for capitalization and the fair value of assets representing IPR&D before assessing the deferred tax liability arising from the difference in book versus tax basis on Geron intangible assets acquired, which management estimated to be approximately equal. Accordingly, $17,458,766 was capitalized as of December 31, 2013, and $17,458,766 was expensed. These amounts are preliminary as management has not yet completed a detailed assessment and valuation of the acquired assets. Such assessment and valuation is expected to be completed during the quarter ending June 30, 2014. Accordingly, the amounts included in capitalized intangible assets and expensed IPR&D as of December 31, 2013 are subject to adjustments which could be material.

Asterias is also obligated to pay Geron royalties on the sale of products, if any, that are commercialized in reliance upon patents acquired from Geron, at the rate of 4% of net sales.

Stock and Warrant Purchase Agreement with Romulus

On January 4, 2013, in connection with entering into the Asset Contribution Agreement, Asterias entered into a Stock and Warrant Purchase Agreement with Romulus Films, Ltd ("Romulus") pursuant to which Romulus agreed to purchase 2,136,000 Series B Shares and warrants to purchase 350,000 additional Series B Shares for $5,000,000 in cash upon the consummation of the acquisition of assets under the Asset Contribution Agreement. On October 1, 2013, the shares and warrants were issued in exchange for $5,000,000 in cash.

9. Unaudited Pro Forma Interim Financial Information – Three Months Ended March 31, 2014 and 2013

The following unaudited pro forma information gives effect to the asset acquisition through the Asset Contribution Agreement with Geron as if the transaction took place on January 1, 2013. The pro forma information does not necessarily reflect the results of operations that would have occurred had the entities been a single company during the periods presented.

	Three Months Ended March 31,	
	2014 (Unaudited)	2013 (Unaudited)
Revenues, net	$ 934,721	$ 493,705
Net loss available to common shareholders	$ (8,099,014)	$ (22,572,852)
Net loss per common share – basic and diluted	$ (0.14)	$ (0.38)

10. Subsequent Events

In May 2014, BioTime raised $6,380,640 of additional equity capital through the sales of BioTime common shares in "at-the-market" transactions through Cantor Fitzgerald & Co., as BioTime's sales agent.

On May 5, 2014, BioTime was awarded an SBIR Phase 1 Small Business Grant in the amount of $224,911 from the National Institute of General Medical Sciences (NIGMS) at the National Institutes of Health (NIH). Under this grant entitled "Cell Targeting Peptides for Isolating Patient Specific Stem Cells" BioTime will work on streamlining *PureStem*® cell line development and developing improved assays for monitoring stem cell differentiation.

LifeMap Solutions, Inc.—Mobile Health Software Products

On May 6, 2014, LifeMap Solutions, Inc. ("Solutions"), a newly formed subsidiary of LifeMap Sciences, entered into a Co-Development and Option Agreement (the "Agreement") with the Icahn School of Medicine at Mount Sinai, a nonprofit education corporation ("Mt Sinai"), pursuant to which Solutions and Mt Sinai have agreed to work cooperatively to develop internet, web-based, mobile user or consumer software products to provide users with information that may potentially aid them in improving lifestyle and healthcare decisions and outcomes.

Solutions and Mt Sinai will license to each other, on a non-exclusive, royalty free basis, certain "background" intellectual property for joint use in product development. Solutions will pay Mt Sinai for the use of Mt Sinai personnel based on their direct salaries plus an overhead charge, but Mt Sinai has agreed to waive collection of the first $1,000,000 of overhead charges.

Solutions will have an option to acquire a world-wide license to use Mt Sinai's background intellectual property and other intellectual property developed by Mt Sinai alone or jointly with Solutions in the joint development project for the purpose of developing and commercializing the product. The terms of the license agreement that will be executed if Solutions exercises its option under the Agreement (the "License Agreement") are subject to negotiation by the parties, but will include certain provisions specified in the Agreement, including the obligation of Solutions to pay Mt Sinai: (a) royalties on net sales, (b) a percentage of any consideration received by Solutions from its sublicensees and distributors of the product; (c) all reasonable patent and licensing costs incurred prior to the effective date of the definitive License Agreement in connection with the licensed patent rights and certain other Mount Sinai technology and background intellectual property, and all reasonable attorney's fees, expenses, official fees, and other charges incident to the preparation, prosecution, and maintenance of licensed patent rights: and (d) up to 5% of the then current equity value of Solutions at the time of a "Significant Transaction." The percentage to be paid is subject to dilution based on future investment in Solutions and the amount of personnel cost overhead charges waived by Mt Sinai under the Agreement. The term "Significant Transaction" will mean the first to occur of a single transaction, or series of related transactions, consisting of or resulting in any of the following: (i) an assignment, other than to LifeMap Sciences, of the definitive license agreement; (ii) an initial public offering of securities by Solutions (or its successor) or other transaction resulting in any of Solutions' securities being traded on a nationally recognized stock exchange or automated quotation system; (iii) a sale, license or other disposition of all or substantially all of Solutions' assets; or (iv) a reorganization, consolidation or merger of Solutions, or sale or transfer of the securities of Solutions, where the holders of Solutions' outstanding voting securities before the transaction beneficially own less than fifty percent (50%) of the outstanding voting securities, or hold less than fifty percent (50%) of the voting power of the voting security holders of the surviving entity after the transaction. A Significant Transaction shall not be deemed to occur as a result of a bona fide, arm's-length equity financing for cash in which Solutions issues securities (other than through an initial public offering described in clause (ii) above) representing more than fifty percent (50%) of the voting power of its security holders to venture capital or other similar professional investors who do not actively manage day-to-day operations of Solutions.

LifeMap Sciences Stock Purchase Agreement

Also on May 6, 2014, BioTime entered into a Stock Purchase Agreement with LifeMap Sciences to provide financing for Solutions' product development costs under the Agreement with Mt Sinai. BioTime will purchase 2,500,000 shares of LifeMap Sciences common stock for $5,000,000 in four tranches during 2014. LifeMap Sciences will use the proceeds from the sale to provide capital to Solutions.

BioTime will also have an option to purchase up to an additional 9,500,000 shares of LifeMap Sciences common stock for $2.00 per share in two tranches related to the attainment of certain product development milestones by Solutions. If BioTime exercises its option it may pay for those LifeMap Sciences shares in up to three installments for each tranche, in cash or in BioTime common shares at the then current market value determined as of the date the option is exercised based on the average closing price of BioTime common shares on the NYSE MKT for the preceding 20 trading days. The number of

shares of LifeMap Sciences common stock that BioTime may purchase will be reduced to the extent that LifeMap Sciences raises capital from other sources for product development under the Agreement with Mt Sinai.

These condensed consolidated financial statements were approved by management and the Board of Directors, and were issued on May 12, 2014 (unaudited). Subsequent events have been evaluated through that date.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide information necessary to understand our condensed consolidated financial statements for the three months ended March 31, 2014 and 2013, and highlight certain other information which, in the opinion of management, will enhance a reader's understanding of our financial condition, changes in financial condition and results of operations. In particular, the discussion is intended to provide an analysis of significant trends and material changes in our financial position and the operating results of our business during the quarter ended March 31, 2014 as compared to the quarter ended March 31, 2013. This discussion should be read in conjunction with our Condensed Consolidated Financial Statements for the three months ended March 31, 2014 and 2013 and related notes included elsewhere in this Quarterly Report on Form 10-Q. These historical financial statements may not be indicative of our future performance. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risks described throughout this filing, particularly in "Item 1A. Risk Factors."

Overview

We are a biotechnology company focused on the emerging field of regenerative medicine. Our core technologies center on stem cells capable of becoming all of the cell types in the human body, a property called pluripotency. Products made from these “pluripotent” stem cells are being developed by us and our subsidiaries, for use in a variety of fields of medicine. Four of our subsidiaries, Asterias Biotherapeutics, Inc. (“Asterias”), Cell Cure Neurosciences, Ltd (“Cell Cure Neurosciences”), OrthoCyte Corporation (“OrthoCyte”), and ReCyte Therapeutics, Inc. (“ReCyte”) are focused on developing cell based therapeutic products for diseases such as neurological disorders, cancer, age related macular degeneration, orthopedic disorders, and age-related cardiovascular disease. Our commercial strategy targets near-term opportunities such as: *Renevia*™ a product currently in clinical trials in Europe to facilitate cell transplantation; *ReGlyde*™ and *Premvia*™ for tendon and dermatological applications, respectively; *PanC-Dx*™, a family of novel blood and urine-based cancer screens; our current line of research products including *PureStem*® cell lines, associated *ESpan*™ culture media, human embryonic stem cell lines derived by our subsidiary ESI under current good manufacturing practices (“cGMP”); *HyStem*® hydrogel products; the LifeMap Database Suite and mobile health software products.

“Regenerative medicine” refers to an emerging field of therapeutic product development that may allow all human cell and tissue types to be manufactured on an industrial scale. This new technology is made possible by the isolation of human embryonic stem (“hES”) cells, and by the development of “induced pluripotent stem (“iPS”) cells” which are created from regular cells of the human body using technology that allows adult cells to be “reprogrammed” into cells with pluripotency similar to hES-like cells. These pluripotent hES and iPS cells have the unique property of being able to branch out into each and every kind of cell in the human body, including the cell types that make up the brain, the blood, the heart, the lungs, the liver, and other tissues. Unlike adult-derived stem cells that have limited potential to become different cell types, pluripotent stem cells may have vast potential to supply an array of new regenerative therapeutic products, especially those targeting the large and growing markets associated with age-related degenerative disease. Unlike pharmaceuticals that require a molecular target, therapeutic strategies in regenerative medicine are generally aimed at regenerating affected cells and tissues, and therefore may have broader applicability. Regenerative medicine represents a revolution in the field of biotechnology with the promise of providing therapies for diseases previously considered incurable.

The field of regenerative medicine includes a broad range of disciplines, including tissue banking, cellular therapy, gene therapy, and tissue engineering. Our commercial efforts in regenerative medicine include the development and sale of products designed for research applications in the near term as well as products designed for diagnostic and therapeutic applications in the medium and long term.

We have also developed and licensed manufacturing and marketing rights to *Hextend*®, a physiologically balanced blood plasma volume expander used for the treatment of hypovolemia in surgery, emergency trauma treatment, and other applications. Hypovolemia is a condition caused by low blood volume, often from blood loss during surgery or from injury. *Hextend*® maintains circulatory system fluid volume and blood pressure and helps sustain vital organs during surgery or when a patient has sustained substantial blood loss due to an injury. *Hextend*® is the only blood plasma volume expander that contains lactate, multiple electrolytes, glucose, and a medically approved form of starch called hetastarch. *Hextend*® is sterile, so its use avoids the risk of infection. Health insurance reimbursements and HMO coverage now include the cost of *Hextend*® used in surgical procedures.

Hextend® is manufactured and distributed in the United States by Hospira, Inc., and in South Korea by CJ Health Corporation (“CJ Health”), a subsidiary of Cheil Jedang Corp. (“CJ”), under license from us.

The following table shows our subsidiaries, their respective principal fields of business, our percentage ownership as at March 31, 2014, and the country where their principal business is located:

Subsidiary	Field of Business	BioTime Ownership	Country
Asterias Biotherapeutics, Inc.	Research, development and commercialization of human therapeutic products from stem cells potentially in the fields of neurology, oncology, orthopedics, and cardiology	71.6%	USA
ES Cell International Pte Ltd	Stem cell products for research, including clinical grade cell lines produced under cGMP	100%	Singapore
OncoCyte Corporation	Cancer diagnostics	75.3%	USA
OrthoCyte Corporation	Orthopedic diseases, including chronic back pain and osteoarthritis	100%	USA
Cell Cure Neurosciences Ltd.	Age-related macular degeneration Multiple sclerosis Parkinson's disease	62.5%	Israel
ReCyte Therapeutics, Inc.	Vascular disorders, including cardiovascular-related diseases, ischemic conditions, vascular injuries Stem cell-derived endothelial and cardiovascular related progenitor cells for research, drug testing, and therapeutics	94.8%	USA
BioTime Asia, Limited	Stem cell products for research	81%	Hong Kong
LifeMap Sciences, Inc.	Genetic, disease, and stem cell databases	73.2%	USA
LifeMap Sciences, Ltd.	Stem cell database	(1)	Israel
LifeMap Solutions, Inc.	Mobile health software	(1)	USA

(1) LifeMap Sciences, Ltd. and LifeMap Solutions, Inc. are wholly-owned subsidiaries of LifeMap Sciences, Inc.

Additional Information

Espy®, *HyStem*®, *Hextend*®, *PureStem*®, and *PentaLyte*® are registered trademarks of BioTime, Inc., and *Renevia*™, *ESpan*™ and *ESI BIO*™ are trademarks of BioTime, Inc. *ACTCellerate*™ is a trademark licensed to us by Advanced Cell Technology, Inc. *ReCyte*™ is a trademark of ReCyte Therapeutics, Inc. *PanC-Dx*™ is a trademark of OncoCyte Corporation. *GeneCards*® is a registered trademark of Yeda Research and Development Co. Ltd.

We were incorporated in 1990 in the state of California. Our principal executive offices are located at 1301 Harbor Bay Parkway, Alameda, California 94502. Our telephone number is (510) 521-3390.

Research and Development Expenses

The following table shows the approximate percentages of our total research and development expenses of $8,405,393 and $5,395,488 allocated to our primary research and development projects during the three months ended March 31, 2014 and 2013, respectively

Company	Program	Three Months Ended March 31, 2014	2013
Asterias	hESC-based cell therapeutic programs	30.9%	3.6%
BioTime and ESI	*PureStem*® hEPCs, cGMP hES cell lines, and related research products	9.8%	12.8%
BioTime	*PureStem*® technology	0.0%	3.7%
BioTime	Hydrogel therapeutic products and *HyStem*® research	15.6%	21.6%
OncoCyte	Cancer diagnostics	11.1%	13.1%
OrthoCyte	Orthopedic therapeutics	2.7%	4.6%
ReCyte Therapeutics	Cardiovascular therapeutics	5.2%	5.8%
BioTime	*Hextend*®	0.1%	0.4%
BioTime Asia	Stem cell products for research	0.0%	0.2%
Cell Cure Neurosciences	Age related macular degeneration (*OpRegen*® and *OpRegen*®*-Plus*), and neurological disease therapeutics	15.0%	23.2%
LifeMap Sciences	Database development and sales	9.3%	11.0%
BioTime	High Content Screening	0.3%	-

Critical Accounting Policies

Revenue recognition – We comply with SEC Staff Accounting Bulletin guidance on revenue recognition. Royalty revenues consist of product royalty payments. License fee revenues consist of fees under license agreements and are recognized when earned and reasonably estimable and also include subscription and advertising revenue from our online databases based upon respective subscription or advertising periods. We recognize revenue in the quarter in which the royalty reports are received rather than the quarter in which the sales took place. When we are entitled to receive up-front nonrefundable licensing or similar fees pursuant to agreements under which we have no continuing performance obligations, the fees are recognized as revenues when collection is reasonably assured. When we receive up-front nonrefundable licensing or similar fees pursuant to agreements under which we do have continuing performance obligations, the fees are deferred and amortized ratably over the performance period. If the performance period cannot be reasonably estimated, we amortize nonrefundable fees over the life of the contract until such time that the performance period can be more reasonably estimated. Milestone payments, if any, related to scientific or technical achievements are recognized in income when the milestone is accomplished if (a) substantive effort was required to achieve the milestone, (b) the amount of the milestone payment appears reasonably commensurate with the effort expended, and (c) collection of the payment is reasonably assured. Grant income and the sale of research products are recognized as revenue when earned. Revenues from the sale of research products are primarily derived from the sale of hydrogels and stem cell products.

Patent costs – Costs associated with obtaining patents on products or technology developed are expensed as general and administrative expenses when incurred. This accounting is in compliance with guidance promulgated by the Financial Accounting Standards Board ("FASB") regarding goodwill and other intangible assets.

Intangible assets – Intangible assets with finite useful lives are amortized over estimated useful lives and intangible assets with indefinite lives are not amortized but rather are tested at least annually for impairment. Acquired in-process research and development intangible assets are accounted depending on whether they were acquired as part of an acquisition of a business, or assets that do not constitute a business. When acquired in conjunction with acquisition of a business, these assets are considered to be indefinite-lived until the completion or abandonment of the associated research and development efforts and are capitalized as an asset. If and when development is complete, the associated assets would be deemed finite-lived and would then be amortized based on their respective estimated useful lives at that point in time. However, when acquired in conjunction with an acquisition of assets that do not constitute a business (such as Asterias' acquisition of assets from Geron), in accordance with the accounting rules in ASC 805-50, such intangible assets related to IPR&D are expensed upon acquisition.

Research and development – We comply with FASB requirements governing accounting for research and development costs. Research and development costs are expensed when incurred, and consist principally of salaries, payroll taxes, consulting fees, research and laboratory fees, and license fees paid to acquire patents or licenses to use patents and other technology from third parties.

Stock-based compensation – We have adopted accounting standards governing share-based payments, which require the measurement and recognition of compensation expense for all share-based payment awards made to directors and employees, including employee stock options, based on estimated fair values. We utilize the Black-Scholes Merton option pricing model. Our determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate is based on the U.S. Treasury rates in effect during the corresponding period of grant. Although the fair value of employee stock options is determined in accordance with recent FASB guidance, changes in the subjective assumptions can materially affect the estimated value. In management's opinion, the existing valuation models may not provide an accurate measure of the fair value of employee stock options because the option-pricing model value may not be indicative of the fair value that would be established in a willing buyer/willing seller market transaction.

Treasury stock – We account for BioTime common shares issued to subsidiaries for future potential working capital needs as treasury stock on the consolidated balance sheet. We have the intent and ability to register any unregistered shares to support the marketability of the shares.

Impairment of long-lived assets – Our long-lived assets, including intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If an impairment indicator is present, we evaluate recoverability by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If the assets are impaired, the impairment recognized is measured by the amount by which the carrying amount exceeds the estimated fair value of the assets.

Deferred license and consulting fees – Deferred license and consulting fees consist of the value of warrants issued to third parties for services, and deferred license fees paid to acquire rights to use the proprietary technologies of third parties. The value of the warrants is being amortized over the lives of the warrants, and deferred license fees over the estimated useful lives of the licensed technologies or licensed research products. The estimation of the useful life any technology or product involves a significant degree of inherent uncertainty, since the outcome of research and development or the commercial life of a new product cannot be known with certainty at the time that the right to use the technology or product is acquired. We will review its amortization schedules for impairments that might occur earlier than the original expected useful lives. See also Note 5 to the condensed consolidated interim financial statements.

Principles of consolidation – Our consolidated financial statements include the accounts of our wholly-owned subsidiaries, OrthoCyte, and ESI, and the accounts of our majority owned subsidiaries, Asterias, ReCyte Therapeutics, OncoCyte, BioTime Asia, Cell Cure Neurosciences, and LifeMap Sciences. All material intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements are presented in accordance with accounting principles generally accepted in the U.S. and with the accounting and reporting requirements of SEC Regulation S-X.

Results of Operations

Comparison of Three Months Ended March 31, 2014 and 2013

	Three Months Ended March 31,		$ Increase/	% Increase/
	2014	2013	(Decrease)	(Decrease)
License fees	$ 294,504	$ 349,824	$ (55,320)	(15.8)%
Royalty from product sales	97,886	107,599	(9,713)	(9.0)%
Grant income	575,659	90,326	485,333	537.3%
Sales of research products and services	98,586	66,724	31,862	47.8%
Total revenues	1,066,635	614,473	452,162	73.6%
Cost of sales	(131,914)	(182,749)	(50,835)	(27.8)%
Total revenues, net	934,721	431,724	502,997	116.5%

Our license fee revenues amounted to $294,504 and $349,824 for the three months ended March 31, 2014 and 2013, respectively. License fee revenues for the three months ended March 31, 2014 and 2013 include subscription and advertising revenues of $294,504 and $313,356 from LifeMap Science's online database business primarily related to its *GeneCards*® database.

Under our license agreements with Hospira and CJ, our licensees report sales of *Hextend*® and pay us the royalties due on account of such sales within 90 days after the end of each calendar quarter. We recognize such revenues in the quarter in which the sales report is received, rather than the quarter in which the sales took place. For example, royalties on sales made during the fourth quarter of 2013 were not recognized until the first quarter of fiscal year 2014.

Our royalty revenues from product sales for the three months ended March 31, 2014 primarily consist of royalties $61,981 of royalties earned by Asterias from the non-exclusive license agreement with Stem Cell Technologies, Inc. which Asterias acquired as part of consideration received from Geron under the Asset Contribution Agreement. Royalty revenues on sales of *Hextend*® made by Hospira and CJ during the period beginning October 1, 2013 and ending December 31, 2013 were $35,905 compared with $107,599 for the three months ended March 31, 2013. This 67% decrease in royalties on sales of *Hextend*® is attributable to a decrease in the U.S. and in the Republic of Korea. The blood volume expander marketing continues to contract and hospitals continue to shift their purchases to albumin products. Hospira has reported that they have seen a rapid decline in the price of hetastarch-based plasma expanders in the market which could continue to have a negative impact on revenues from the sale of *Hextend*®. The FDA also required certain new safety labeling changes for the entire class of hydroxyethyl starch products, including *Hextend*® which may have contributed to the decline in *Hextend*® sales. The labeling changes were approved by the FDA in November 2013 and include a boxed warning stating that the use of hydroxyethyl starch products, including *Hextend*®, increases the risk of mortality and renal injury requiring renal replacement therapy in critically ill adult patients, including patients with sepsis, and that *Hextend*® should not be used in critically ill adult patients, including patients with sepsis. New warning and precaution information is also required along with new information about contraindications, adverse reactions, and information about certain recent studies. See "Risk Factors." We expect royalty revenues from sales of *Hextend*® to continue to decline as a percentage of total revenue.

Based on sales of *Hextend*® that occurred during the first quarter of 2014, we received royalties of $37,712 from Hospira and we have received $14,767 from CJ Health during the second quarter of 2014. Total royalties of $52,479 for the quarter decreased 49% from royalties of $103,033 received during the same period last year. These royalties will be reflected in our financial statements for the second quarter of 2014.

Total grant revenue for the first three months in 2014 increased by approximately 537% to $575,659. Grant revenue in the first three months of 2014 included $425,770 recognized through Cell Cure Neurosciences, and $149,889 from various grants awarded to us by the National Institutes of Health ("NIH") that will expire at various time during the current year.

Despite the increase in revenues, cost of sales has declined. This is entirely attributed to the increase in grant revenues by $485,333 which is not associated with any cost of sales.

	Three Months Ended March 31,		$ Increase/ (Decrease)	% Increase/ (Decrease)
	2014	2013		
Research and development expenses	$ (8,405,393)	$ (5,395,488)	$ 3,009,905	55.8%
General and administrative expenses	(3,667,171)	(3,416,145)	251,026	7.3%
Interest (expense)/income	(8,384)	943	9,327	989.1%
Other income/(expense)	77,746	(28,056)	105,802	377.1%

Research and development expenses – Research and development expenses increased approximately 56% to $8,405,393 for the three months ended March 31, 2014, from $5,395,488 for the three months ended March 31, 2013. The increase is the result of the ramp-up of Asterias' operations following its acquisition of stem cell assets from Geron and us through the Asset Contribution Agreement. The principal components of the increase in research and development expenses during the three months ended March 31, 2014 is attributable to an increase of $1,288,531 in employee compensation, including stock based compensation, and related costs allocated to research and development expenses and reflects, in part, Asterias hiring additional management and scientific personnel, certain Asterias executives and other employees who had been employed on a part-time basis during the first quarter of 2013 becoming employed by Asterias on a full-time basis, an increase of $725,425 in amortization of intangible assets resulting from Asterias' acquisition of Geron's stem cell assets, an increase of $303,118 in consulting services, an increase of $302,886 in patents, licenses, and trademark related fees arising primarily from assets that Asterias acquired from Geron, an increase of $179,736 in laboratory expenses and supplies at Asterias, an increase of $132,937 in depreciation expenses allocated to research and development expenses again largely related to Asterias' asset acquisition, , and an increase of $57,204 in travel, lodging, and meals allocated to research and development expenses. These increases were offset in part by a decrease $25,476 in ESI's research and development expenses.

The following table shows the amount of our total research and development expenses allocated to our primary research and development projects during the three months ended March 31, 2014 and 2013.

Company	Program	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Asterias	hESC-based cell therapeutic programs	$ 2,599,146	$ 193,444
BioTime and ESI	*PureStem*® hEPCs, cGMP hES cell lines, and related research products	823,451	691,611
BioTime	*PureStem*® technology	-	199,447
BioTime	Hydrogel therapeutic products and *HyStem*® research	1,315,231	1,163,340
OncoCyte	Cancer diagnostics	929,725	704,917
OrthoCyte	Orthopedic therapeutics	224,716	249,954
ReCyte Therapeutics	Cardiovascular therapeutics	433,408	313,615
BioTime	*Hextend*®	12,160	21,633
BioTime Asia	Stem cell products for research	-	8,565
Cell Cure Neurosciences	*OpRegen*®, *OpRegen*®*-Plus*, and neurological disease therapeutics	1,261,054	1,252,917
LifeMap Sciences	Database development and sales	781,424	596,045
BioTime	High Content Screening	25,078	-

General and administrative expenses – General and administrative expenses increased to $3,667,171 for the three months ended March 31, 2014 from $3,416,145 for the three months ended March 31, 2013. The increase is the result, in part, of the ramp-up of Asterias' operations following its acquisition of stem cell assets from Geron and us through the Asset Contribution Agreement, including the hiring of additional management and administrative personnel, and certain Asterias executives and other employees who had been employed on a part-time basis during the first quarter of 2013 becoming employed by Asterias on a full-time basis. The principal components of the increase in total general and administrative costs on a consolidated basis were: $370,138 in employee compensation, including stock-based compensation, and related costs allocated to general and administrative expenses; an increase of $167,059 in general consulting expenses; an increase of $121,247 in marketing and advertisement related expenses; an increase of $87,137 in rent and facilities maintenance related expenses allocated to general and administrative expenses; an increase of $87,091 in travel, lodging and meals allocated to general and administrative expenses; an increase of $52,200 in investor and public relations expenses; and an increase of $23,226 in Cell Cure Neurosciences general and administrative expenses. These increases are in part offset by decreases of $432,054 and $165,562 in legal and accounting fees, respectively, related to transactions under the Asset Contribution Agreement, including preparing registration statements for filing with the SEC and a proxy statement for a special meeting of our shareholders, that we incurred in 2013, and a decrease of $76,522 in stock-based compensation to consultants. General and administrative expenses include employee and director compensation allocated to general and administrative expenses, consulting fees other than those paid for science-related consulting, insurance costs allocated to general and administrative expenses, stock exchange-related costs, depreciation expense, shipping expenses, marketing costs, legal and accounting costs, and other miscellaneous expenses which are allocated to general and administrative expense.

Interest income/(expense) – During the three months ended March 31, 2014, we incurred $8,384 of net interest expense. During the three months ended March 31, 2013, we earned $943 of interest on cash balances held in interest bearing accounts during 2013.

Other income/(expense) – Other income in 2014 consists primarily of $127,368 in gain on embedded derivatives earned by Cell Cure Neurosciences through a research contract, based in U.S. dollars, with an Israeli company, offset by a $31,582 decrease in leasehold improvement liability due to the early termination of a Cell Cure lease, $17,881 in charitable donations made, and $10,212 of foreign currency transaction expense. Other expense in 2013 consists primarily of $21,976 of foreign currency transaction loss.

Income Taxes – A deferred income tax benefit of approximately $1,349,000 was recorded for the three months ended March 31, 2014, of which approximately $1,151,000 was related to federal and $198,000 was related to state taxes. A deferred income tax benefit of approximately $3,280,000 was recorded for the year ended December 31, 2013, of which approximately $2,800,000 was related to federal and $480,000 was related to state taxes. No tax benefit had been recorded through September 30, 2013 because of the net operating losses incurred and a full valuation allowance had been provided.

Liquidity and Capital Resources

At March 31, 2014, we had $6,637,834 of cash and cash equivalents on hand. Subsequent to March 31, 2014 we raised an aggregate of $6,316,834 of additional equity capital through the sale of BioTime common shares in "at-the-market" transactions through Cantor Fitzgerald & Co. ("Cantor"), as the sales agent. Offers and sales of our common shares for our account through Cantor are made under a *Controlled Equity Offering*SM Sales Agreement and have been registered under the Securities Act of 1933, as amended (the "Securities Act"). The sales made through Cantor for our account after March 31, 2014 were made after an amendment to the sales agreement to provide for the issuance and sale by us of additional common shares having an aggregate offering price of up to $15,000,000. Under the sales agreement, Cantor may sell our common shares by any method permitted by law deemed to be an "at-the-market" offering as defined in Rule 415 under the Securities Act, including, but not limited to, sales made directly on NYSE MKT, on any other existing trading market for our common shares or to or through a market maker. Cantor may also sell our shares under the sales agreement by any other method permitted by law, including in privately negotiated transactions. Cantor has agreed in the sales agreement to use its commercially reasonable efforts to sell shares in accordance with our instructions (including any price, time or size limit or other customary parameters or conditions we may impose). The offering pursuant to the sales agreement will terminate upon the sale of all shares subject to the sales agreement or the earlier termination of the sales agreement as permitted by its terms. Cantor has also acted as a sales agent for certain of our subsidiaries that have sold BioTime common shares to raise capital for their operations. The offer and sale of those shares has also been registered under the Securities Act. We contributed the BioTime common shares to the subsidiaries in exchange for subsidiary capital stock. The proceeds of the sale of BioTime shares by our subsidiaries belong to those subsidiaries. There is no assurance that we or our subsidiaries will be able to sell additional common shares through Cantor at prices acceptable to us. See "Cash generated by financing activities" for additional information about sales of our equity securities through the *Controlled Equity Offering*SM and other transactions during the quarter ended March 31, 2014.

In April 2014, Michael D. West, who was Asterias' Vice President of Technology Integration and is our Chief Executive Officer and a member of our Board of Directors, replaced Thomas Okarma as Asterias' President and Chief Executive Officer. In addition, Richard LeBuhn, Judith Segall, and Robert W. Peabody, who is both Asterias' and BioTime's Chief Financial Officer, were appointed to the Asterias Board of Directors and two other directors left the Asterias Board.

Dr. West and Mr. Peabody are working with Asterias' current management and its Board of Directors to better align Asterias' expenditures with available capital resources, and will continue to explore synergistic opportunities at Asterias and BioTime that may advance product development in a cost effective manner. For example, insight that we have gained from our *PureStem*® technology might help Asterias improve the purity and efficiency of production of the hES derived progenitor cells that it may use in some of its product development programs. Asterias' management is continuing to evaluate the opportunities for Asterias' stem cell assets in order to select the best paths for the advancement of its key product programs, including paths that can be followed with Asterias' current financial assets and those that would be open if Asterias were to obtain the funding it is seeking in the form of research grants, cooperative development arrangements, and new equity capital.

We expect that as a result of this review of the key programs at Asterias there will be a more focused allocation of capital to programs that receive third party funding or other support, and a reduced level of current expenditures on other programs. If third party funding or support is not received, we would expect Asterias to concentrate its resources on those product development programs that provide the best opportunity for near-term progress.

Asterias is seeking funding for its operations from third parties in the form of research and development grants or cooperative arrangements for the development of certain of Asterias' product candidates.

Asterias has applied for a Strategic Partnership 3 Track "A" Award from the California Institute for Regenerative Medicine (CIRM) which is intended to support a Phase 1/2a clinical trial of our OPC1 product candidate in subjects with neurologically complete cervical spinal cord injury. The grant would also help support Asterias' efforts to develop a commercial process to manufacture OPC1. The purpose of the Strategic Partnership Award Initiative is to create incentives for industry to advance the development of stem cell-based therapeutics. As part of a Strategic Partnership 3 Track "A" Award, CIRM will provide up to $10,000,000 ($15,000,000 in extraordinary cases) to support an approved project. We expect that CIRM will notify applicants of the decision on their applications during the first half of 2014. Geron was granted a non-recourse loan for its thoracic spinal cord injury study of OPC1 in 2011 from CIRM, but returned the loan funds after announcing the termination of its human embryonic stem cell programs.

Asterias is in the process of applying for a grant from a large United Kingdom based charitable organization to fund Phase 1/2a clinical development of our VAC2 product candidate. The proposed grant would fund both the Phase 1/2a clinical trial of VAC2 in cancer patients and the cGMP manufacturing costs of VAC2. The terms under which funding may be provided by the charitable organization are currently under discussion. Asterias anticipates that it will receive notification of whether the grant has been approved during the first half of 2014. This same charitable organization had awarded a similar grant for VAC2 to Geron but that grant was withdrawn after Geron terminated the program in November 2011.

Asterias is in early-stage discussions with a United Kingdom based technology innovation center seeking their support for the development of advanced manufacturing processes for VAC2. Methods developed at the technology innovation center would be incorporated in future commercial manufacturing processes for the product. An alliance with the technology innovation center would be on a specific project basis and would require multiple approvals from different committees and boards at the center.

Asterias is also in early stage discussions with an academic institution to form a collaboration to develop hES cell derived cardiomyocytes for the treatment of heart failure and acute myocardial infarction. The academic institution has received funding to develop the project through the IND filing stage. Asterias would either fund the Phase I study itself, to the extent that it has sufficient capital resources for that purpose or would seek funding for the study from a third party. In a collaboration, Asterias might contribute assistance in preparing and filing the IND, materials for use in the project such as cGMP hES cell banks, and a license of relevant patents and know-how relating to the development of hES cell-derived cardiomyocytes and hES cell-derived therapeutics generally, in exchange for which it would acquire an ownership interest in the resulting therapeutic products or in a joint venture company to be formed and co-owned with the academic institution for the purpose of developing the product.

There can be no assurance that Asterias will receive any of grants that it is seeking or that Asterias will reach an agreement for support in the manufacture of VAC2 or the development of hES cell derived cardiomyocytes.

Because our revenues are not presently sufficient to cover our operating expenses, we will continue to need to obtain additional equity capital or debt in order to finance our operations. The future availability and terms of equity or debt financing are uncertain. The unavailability or inadequacy of financing or revenues to meet future capital needs could force us to modify, curtail, delay, or suspend some or all aspects of our planned operations. Sales of additional equity securities by us or our subsidiaries could result in the dilution of the interests of present shareholders.

Cash generated by operations

During the three months ended March 31, 2014, we received $1,171,914 of cash in our operations. Our sources of that cash primarily consisted of $97,886 in royalty revenues on product sales by licensees, $118,874 of research grant payments from the NIH, $658,907 in foreign research grants to Cell Cure Neurosciences, and $296,247 from the sale of research products and subscription and advertisement revenues.

Cash used in operations

During the three months ended March 31, 2014, our total research and development expenditures were $8,405,393 and our general and administrative expenditures were $3,667,171. Net loss attributable to BioTime for the three months ended March 31, 2014 amounted to $8,099,014. Net cash used in operating activities during this period amounted to $10,357,271. The difference between the net loss and net cash used in operating activities during the three months ended March 31, 2014 was primarily attributable to the amortization of $1,367,998 in intangible assets, $801,554 in stock-based compensation paid to employees, consultants and directors, and $202,122 in grant receivables. This overall difference was offset to some extent by $1,349,026 in deferred income tax benefit, $1,276,211 in accounts payable and accrued liabilities, $185,717 in other long term liabilities, $57,894 in inventory, and net loss of $1,629,017 allocable to the noncontrolling interest in our subsidiaries.

Cash flows from investing activities

During the three months ended March 31, 2014, we used $527,618 for investing activities. The primary components of this cash were approximately $231,921 used in the purchase of equipment, and a lease security deposit of $300,000 for Asterias' facilities in Fremont, California.

Cash generated by financing activities

During the three months ended March 31, 2014, we raised gross proceeds of $8,782,031 from the sale of 2,311,768 BioTime common shares at a weighted average price of $3.80 per share in the open market through our *Controlled Equity Offering*SM facility with Cantor and through the sale of BioTime common shares held by our majority owned subsidiaries, LifeMap Sciences, OncoCyte, and Cell Cure Neurosciences. The proceeds of the sale of BioTime shares by our subsidiaries belong to those subsidiaries.

On March 4, 2014, BioTime received $3,500,000 from the sale of 70,000 shares of a newly authorized Series A Convertible Preferred Stock ("Series A Preferred Stock"). The Series A Preferred Stock carries a cumulative annual 3% preferred dividend or $1.50 per share, in preference to BioTime common shares. Each share of Series A Preferred Stock is convertible, at the election of the holder, into BioTime common shares at a conversion price of $4.00 per share, a current conversion ratio of 12.5 common shares for each share of Series A Preferred Stock. See Note 7 to the condensed consolidated interim financial statements.

Contractual obligations

As of March 31, 2014, our contractual obligations for the next five years and thereafter were as follows:

	Principal Payments Due by Period				
Contractual Obligations (1)	**Total**	**Less Than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Operating leases (2)	$ 12,026,101	$ 940,963	$ 3,243,018	$ 2,579,280	$ 5,262,840

(1) This table does not include payments to key employees that could arise if they were involuntary terminated or if their employment terminated following a change in control.

(2) Includes the lease of our principal office and laboratory facilities in Alameda, California, and leases of the offices and laboratory facilities of our subsidiaries Asterias, ESI, LifeMap Sciences, and Cell Cure Neurosciences.

Future capital needs

The completion of the acquisition of Geron's stem cell related assets by our subsidiary Asterias will continue to result in an increase in our operating expenses and losses on a consolidated basis, and will increase our need for additional capital. Asterias will use the acquired stem cell assets for the research and development of products for regenerative medicine. Asterias' research and development efforts will involve substantial expense, including but not limited to hiring additional research and management personnel, and the lease of additional research or manufacturing space that will add to our losses on a consolidated basis for the near future. Also, Asterias is now a public company. As a public company, Asterias will incur costs associated with audits of its financial statements, filing annual, quarterly, and other periodic reports with the SEC, holding annual shareholder meetings, and public relations and investor relations. These costs will be in addition to those incurred by us for similar purposes.

We and our subsidiaries will need to continue to sell BioTime common shares from time to time through our sales agreements with Cantor, and our subsidiaries may also seek to raise capital through the sale of their capital stock. We and our subsidiaries will also seek funding for our research and development programs from other sources such as research grants and other arrangements with third parties.

We are consolidating the sales and marketing of our research products in a new ESI BIO division. As part of this plan, we expect to shift our sales and marketing efforts from a website based effort to one that utilizes more sales personnel who may be employees or independent sales representatives. We also plan to expand our product offerings. This effort will require additional expenditures for the development of new research products and the addition of assets and personnel for sales and marketing purposes.

The amount and pace of research and development work that we and our subsidiaries can do or sponsor, and our ability to commence and complete the clinical trials that are required in order for us to obtain FDA and foreign regulatory approval of products, depend upon the amount of money we and our subsidiaries have. Future research and clinical study costs are not presently determinable due to many factors, including the inherent uncertainty of these costs and the uncertainty as to timing, source, and amount of capital that will become available for our projects.

The market value and the volatility of our stock price, as well as general market conditions, could impact our ability to raise capital on favorable terms, or at all. Any equity financing that we or our subsidiaries obtain may further dilute or otherwise impair the ownership interests of our current shareholders. If we and our subsidiaries fail to generate positive cash flows or fail to obtain additional capital when required, we and our subsidiaries could modify, delay or abandon some or all of our respective research and development programs.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Exchange Risk

We are exposed to some foreign exchange currency risks because we have subsidiaries that are located in foreign countries. We do not engage in foreign currency hedging activities. Because we translate foreign currencies into United States dollars for reporting purposes, currency fluctuations have an impact on our financial results. We believe that our exposure to currency exchange fluctuation risk is mitigated by the fact that our foreign subsidiaries pay their financial obligations almost exclusively in their local currency. As of March 31, 2014 and as of December 31, 2013, currency exchange rates did not have a material impact on our intercompany transactions with our foreign subsidiaries. However, a weakening of the dollar against the foreign exchange used in the home countries of our foreign subsidiaries could increase our cost of providing additional financing to our foreign subsidiaries in the future. Conversely, a strengthening of the dollar would decrease our cost of making additional investments in those subsidiaries.

Credit Risk

We place some of our cash in U.S. banks and invest most of our cash in money market funds. Deposits with banks may temporarily exceed the amount of insurance provided on such deposits. We will monitor the cash balances in the accounts and adjust the cash balances as appropriate, but if the amount of a deposit at any time exceeds the federally insured amount at a bank, the uninsured portion of the deposit could be lost, in whole or in part, if the bank were to fail. Our investments in money market funds are not insured or guaranteed by the United States government or any of its agencies.

Our foreign subsidiaries deposit their cash in local banks, but if the amount of a deposit at any time exceeds the amount at a bank under the national banking insurance laws, the uninsured portion of the deposit could be lost, in whole or in part, if the bank were to fail.

Interest Rate Risk

We invest most of our cash in money market funds. The primary objective of our investments will be to preserve principal and liquidity while earning a return on our invested capital, without incurring significant risks. Our future investment income is not guaranteed and may fall short of expectations due to changes in prevailing interest rates, or we may suffer losses in principal if the net asset value of a money market fund falls below $1 per share.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

It is management's responsibility to establish and maintain adequate internal control over all financial reporting pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 ("Exchange Act"). Our management, including our principal executive officer, our principal operations officer, and our principal financial officer, have reviewed and evaluated the effectiveness of our disclosure controls and procedures as of a date within ninety (90) days of the filing date of this Quarterly Report on Form 10-Q. Following this review and evaluation, management collectively determined that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (ii) is accumulated and communicated to management, including our chief executive officer, our chief operations officer, and our chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we and our subsidiaries may be involved in routine litigation incidental to the conduct of our business.

Asterias has assumed Geron's position as appellant in an appeal filed in the United States District Court in Civil Action No. C12-04813 (the "ViaCyte Appeal") seeking the reversal of two adverse determinations by the United States Patent and Trademark Office's Board of Patent Appeals and Interferences with respect to two patent applications in U.S. Patent Interference 105,734, involving U.S. patent 7,510,876 (ViaCyte) and U.S. patent application 11/960,477 (Geron), and U.S. Patent Interference 105,827 involving U.S. patent 7,510,876 (ViaCyte) and U.S. patent application 12/543,875 (Geron). Asterias has also assumed the interference proceedings upon which the appeal is based. The rulings related to interference proceedings involving patent filings relating to definitive endoderm cells. Geron had requested that the Board of Patent Appeals and Interferences declare this interference after ViaCyte was granted patent claims that conflicted with subject matter Geron filed in a patent application having an earlier priority date. Those Geron patent applications are among the patent assets that Geron contributed to Asterias. Asterias also assumed the USPTO interferences upon which the appeal is based, as well as certain oppositions filed by Geron against certain ViaCyte patent filings in Australia. Asterias has agreed to assume all liabilities relating to the ViaCyte Appeal and the related interference proceedings, including the costs of litigation, other than expenses incurred by Geron prior to October 1, 2013.

If Asterias is not successful in the ViaCyte Appeal, ViaCyte would retain its patent claims directed to definitive endoderm. Definitive endoderm is an early pre-cursor of numerous cell types including liver and β-cells of the pancreas that could potentially treat diabetes, and it is likely that the derivation of any of the endodermal lineage cells from embryonic stem cells would necessarily pass through the definitive endoderm stage. As a result, Asterias would be unable to develop and commercialize those cell types without a license from ViaCyte, and may be unable to realize value from the Geron patent applications at issue in the appeal.

Item 1A. Risk Factors

Our business is subject to various risks, including those described below. You should consider the following risk factors, together with all of the other information included in this report, which could materially adversely affect our proposed operations, our business prospects, and financial condition, and the value of an investment in our business. There may be other factors that are not mentioned here or of which we are not presently aware that could also affect our business operations and prospects.

Risks Related to Our Business Operations

We have incurred operating losses since inception and we do not know if we will attain profitability

Our comprehensive net losses for the three months ended March 31, 2014 and for the fiscal years ended December 31, 2013, 2012, and 2011 were $8,206,254, $43,760,366, $21,362,524, and $17,535,587, respectively, and we had an accumulated deficit of $153,877,561 as of March 31, 2014 and $145,778,547, $101,895,712, and $80,470,009, as of December 31, 2013, 2012, and 2011, respectively. We primarily finance our operations through the sale of equity securities, licensing fees, royalties on product sales by our licensees, research grants, and subscription fees and advertising revenue from database products. Ultimately, our ability to generate sufficient operating revenue to earn a profit depends upon our and our subsidiaries' success in developing and marketing or licensing products and technology.

We will spend a substantial amount of our capital on research and development but we might not succeed in developing products and technologies that are useful in medicine

- We are attempting to develop new medical products and technologies.

- Many of our experimental products and technologies have not been applied in human medicine and have only been used in laboratory studies *in vitro* or in animals. These new products and technologies might not prove to be safe and efficacious in the human medical applications for which they were developed.

- The experimentation we are doing is costly, time consuming, and uncertain as to its results. We incurred research and development expenses amounting to $8,405,393, during the three months ended March 31, 2014, and $26,609,423, $18,116,688, and $13,699,691 during the fiscal years ended December 31, 2013, 2012, and 2011, respectively, excluding $17,458,766 charged as in process research and development expenses during 2013 in accordance with ASC 805-50 on account of Asterias' acquisition of certain assets from Geron. See Note 8 to condensed consolidated interim financial statements.

- If we are successful in developing a new technology or product, refinement of the new technology or product and definition of the practical applications and limitations of the technology or product may take years and require the expenditure of large sums of money. Future clinical trials of new therapeutic products, particularly those products that are regulated as drugs or biological, will be very expensive and will take years to complete. We may not have the financial resources to fund clinical trials on our own and we may have to enter into licensing or collaborative arrangements with larger, well-capitalized pharmaceutical companies in order to bear the cost. Any such arrangements may be dilutive to our ownership or economic interest in the products we develop, and we might have to accept a royalty payment on the sale of the product rather than receiving the gross revenues from product sales.

Asterias' operations will result in an increase in our operating expenses and losses on a consolidated basis

- Asterias will use the stem cell assets that it has acquired from Geron for the research and development of products for regenerative medicine. Asterias' research and development efforts will involve substantial expense, including but not limited to hiring additional research and management personnel, and possibly the rent of additional research or manufacturing space that will add to our losses on a consolidated basis for the near future.

- Asterias has become a public company. As a public company, Asterias will incur costs associated with audits of its financial statements, filing annual, quarterly, and other periodic reports with the SEC, holding annual shareholder meetings, listing its common shares for trading, and public relations and investor relations. These costs will be in addition to those incurred by BioTime for similar purposes.

- As a developer of therapeutic products derived from hES or iPS cells, Asterias will face substantially the same kind of risks that affect our business, as well as the risks related to our industry generally.

Our success depends in part on the uncertain growth of the stem cell industry, which is still in its infancy

- The success of our business of selling products for use in stem cell research depends on the growth of stem cell research, without which there may be no market or only a very small market for our products and technology. The likelihood that stem cell research will grow depends upon the successful development of stem cell products that can be used to treat disease or injuries in people or that can be used to facilitate the development of other therapeutic products. The growth in stem cell research also depends upon the availability of funding through private investment and government research grants.

- There can be no assurance that any safe and efficacious human medical applications will be developed using stem cells or related technology.

- Government-imposed bans, restrictions and religious, moral, and ethical concerns with respect to use of embryos or hES cells in research and development could have a material adverse effect on the growth of the stem cell industry, even if research proves that useful medical products can be developed using hES cells.

We will increase of our investment in LifeMap Sciences to provide funding for the development of new software products

Our subsidiary LifeMap Sciences has formed a new subsidiary, LifeMap Solutions, Inc., to develop the new personal mobile health software products intended to connect users with their complex personal health information and other big data. We have agreed to invest at least $5,000,000 in LifeMap Sciences to provide funding for the project, and unless additional financing can be obtained from third parties, we may need to increase our investment significantly during the next few calendar years to fund the development and commercialization of the planned products.

The field of mobile health products, including both hardware and software products, is new, and there is no certainty that LifeMap Solutions will be successful in developing its planned new products or that it will be successful in commercializing any products that it does develop.

The field of mobile health products is subject to increasing competition, including from large computer and internet technology companies that have much greater financial and marketing resources than we and LifeMap Solutions have.

The FDA has also taken an interest in the field of on-line or mobile health products and there is a risk that the FDA could determine that LifeMap Solutions' products should be regulated as medical devices under existing laws and regulations, or the FDA could promulgate new regulations that might subject LifeMap Solutions' products to FDA clinical trial and approval procedures, as a prerequisite for permission to use and market the new mobile health products in the United States. Foreign regulatory authorities could make similar determinations or could adopt their own rules regulating the use and marketing of LifeMap Solution's products.

Sales of our products to date have not been sufficient to generate an amount of revenue sufficient to cover our operating expenses

- *Hextend*® is presently the only plasma expander product that we have on the market, and it is being sold only in the U.S. and South Korea. The royalty revenues that we have received from sales of *Hextend*® have not been sufficient to pay our operating expenses. This means that we need to successfully develop and market or license additional products and earn additional revenues in sufficient amounts to meet our operating expenses.

- We are also bringing our first stem cell research products to the market, but there is no assurance that we will succeed in generating significant revenues from the sale of those products.

Sales of the products we may develop will be adversely impacted by the availability of competing products

- Sales of *Hextend*® have already been adversely impacted by the availability of other products that are commonly used in surgery and trauma care and sell at low prices.

- In order to compete with other products, particularly those that sell at lower prices, our products will have to provide medically significant advantages.

- Physicians and hospitals may be reluctant to try a new product due to the high degree of risk associated with the application of new technologies and products in the field of human medicine.

- Competing products are being manufactured and marketed by established pharmaceutical companies. For example, B. Braun presently markets *Hespan*®, an artificial plasma volume expander, and Hospira and Teva sell a generic equivalent of *Hespan*®. Hospira also markets *Voluven*®, a plasma volume expander containing a 6% low molecular weight hydroxyethyl starch in saline solution.

- Competing products for the diagnosis and treatment of cancer are being manufactured and marketed by established pharmaceutical companies, and more cancer diagnostics and therapeutics are being developed by those companies and by other smaller biotechnology companies. Other companies, both large and small, are also working on the development of stem cell based therapies for the same diseases and disorders that are the focus of the research and development programs of our subsidiaries.

- There also is a risk that our competitors may succeed at developing safer or more effective products that could render our products and technologies obsolete or noncompetitive.

Sales of *Hextend*® could be adversely affected by safety and use labeling changes required by the FDA

Sales of *Hextend*® could be adversely affected by certain safety labeling changes required by the FDA for the entire class of hydroxyethyl starch products, including *Hextend*®. The labeling changes were approved by the FDA in November 2013 and include a boxed warning stating that the use of hydroxyethyl starch products, including *Hextend*®, increases the risk of mortality and renal injury requiring renal replacement therapy in critically ill adult patients, including patients with sepsis, and that *Hextend*® should not be used in critically ill adult patients, including patients with sepsis. New warning and precaution information is also required along with new information about contraindications, adverse reactions, and information about certain recent studies. The new warning and precautions include statements to the effect that the use of *Hextend*® should be avoided in patients with pre-existing renal dysfunction, and the coagulation status of patients undergoing open heart surgery in association with cardiopulmonary bypass should be monitored as excess bleeding has been reported with hydroxyethyl starch solutions in that population and use of *Hextend*® should be discontinued at the first sign of coagulopathy. The liver function of patients receiving hydroxyethyl starch products, including *Hextend*® should also be monitored. The approved revised label may adversely affect *Hextend*® sales since some users of plasma volume expanders might elect to abandon the use of all hydroxyethyl starch products, including *Hextend*®.

We and our subsidiaries will need to issue additional equity or debt securities in order to raise additional capital needed to pay our operating expenses

- We plan to continue to incur substantial research and product development expenses, largely through our subsidiaries, and we and our subsidiaries will need to raise additional capital to pay operating expenses until we are able to generate sufficient revenues from product sales, royalties, and license fees.

- It is likely that additional sales of equity or debt securities will be required to meet our short-term capital needs, unless we receive substantial revenues from the sale of our new products or we are successful at licensing or sublicensing the technology that we develop or acquire from others and we receive substantial licensing fees and royalties.

- Sales of additional equity securities by us or our subsidiaries could result in the dilution of the interests of present shareholders.

The amount and pace of research and development work that we and our subsidiaries can do or sponsor, and our ability to commence and complete clinical trials required to obtain regulatory approval to market our therapeutic and medical device products, depends upon the amount of money we have

- At March 31, 2014, we had $6,637,834 of cash and cash equivalents on hand. There can be no assurance that we or our subsidiaries will be able to raise funds on favorable terms or at all, or that any funds raised will be sufficient to permit us or our subsidiaries to develop and market our products and technology. Unless we and our subsidiaries are able to generate sufficient revenue or raise additional funds when needed, it is likely that we will be unable to continue our planned activities, even if we make progress in our research and development projects.

- We may have to postpone or limit the pace of our research and development work and planned clinical trials of our product candidates unless our cash resources increase through a growth in revenues or additional equity investment or borrowing.

The condition of certain cells, cell lines and other biological materials that Asterias acquired from Geron could impact the time and cost of commencing Asterias' research and product development programs

The cells, cell lines and other biological materials that Asteria acquired are being stored under cryopreservation protocols intended to preserve their functionality. Asterias has successfully completed the verification of the viability of three lots of OPC1 cells that it intends to use in clinical trials. However, the functional condition of the other materials cannot be certified until they are tested in an appropriate laboratory setting by qualified scientific personnel using validated equipment. Asterias intends to perform that testing on the cells that it intends to use in its research and development programs as the need arises.

To the extent that the cells Asterias plans to use are not sufficiently functional for its purposes, Asterias would need to incur the time and expense of regenerating cell lines from cell banks, or regenerating cell banks from cell stocks, which could delay and increase the cost of its research and development work using those cells.

Any cell-based products that receive regulatory approval may be difficult and expensive to manufacture on a commercial scale

- hES derived therapeutic cells have only been produced on a small scale and not in quantities and at levels of purity and viability that will be needed for wide scale commercialization. If we are successful in developing products that consist of hES cells or other cells or products derived from hES or other cells, we will need to develop, alone or in collaboration with one or more pharmaceutical companies or contract manufacturers, technology for the commercial production of those products.

- Our hES cell or other cell based products are likely to be more expensive to manufacture on a commercial scale than most other drugs on the market today. The high cost of manufacturing a product will require that we charge our customers a high price for the product in order to cover our costs and earn a profit. If the price of our products is too high, hospitals and physicians may be reluctant to purchase our products, especially if lower priced alternative products are available, and we may not be able to sell our products in sufficient volumes to recover our costs of development and manufacture or to earn a profit.

Asterias has assumed certain obligations and potential liabilities with regard to clinical trials conducted by Geron, and we do not yet know the scope of any resulting expense

Asterias has assumed Geron's obligations to obtain information and prepare reports about the health of patients who participated in clinical trials of Geron's GRNOPC1 cell replacement therapy for spinal cord damage and its GRNVAC1 immunological therapy for certain cancers. Although the future cost of patient health information gathering and reporting is not presently determinable, we do not expect that the cost will be material to our financial condition.

Asterias has also assumed any liabilities to those patients that might arise as result of any injuries they may have incurred as a result of their participation in the clinical trials. We are not aware of any claims by patients alleging injuries suffered as a result of the Geron clinical trials, but if any claims are made and if liability can be established, the amount of any liability that Asterias may incur, depending upon the nature and extent of any provable injuries incurred, could exceed any insurance coverage that we or Asterias may obtain and the amount of the liability could be material to our financial condition.

Our business could be adversely affected if we lose the services of the key personnel upon whom we depend

BioTime stem cell research programs, and to a lesser extent, the programs of BioTime's subsidiaries, are directed primarily by our Chief Executive Officer, Dr. Michael West. BioTime's subsidiaries are directed by their respective management teams. The loss of the services of Dr. West or members of senior management of BioTime and its subsidiaries could have a material adverse effect on us.

If we make strategic acquisitions, we will incur a variety of costs and might never realize the anticipated benefits

We have made several strategic acquisitions during the past few years, including ESI in 2010, Glycosan BioSystems, Inc. and Cell Targeting, Inc. in 2011, and XenneX, Inc. in 2012. Asterias acquired Geron's stem cell related assets during 2013. If appropriate opportunities become available, we might attempt to acquire approved products, additional drug candidates, technologies or businesses that we believe are a strategic fit with our business. If we pursue any transaction of that sort, the process of negotiating the acquisition and integrating an acquired product, drug candidate, technology or business might result in operating difficulties and expenditures and might require significant management attention that would otherwise be available for ongoing development of our business, whether or not any such transaction is ever consummated. Moreover, we might never realize the anticipated benefits of any acquisition. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities, or impairment expenses related to goodwill, and impairment or amortization expenses related to other intangible assets, which could harm our financial condition.

Failure of our internal control over financial reporting could harm our business and financial results

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the U.S. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of the financial statements; providing reasonable assurance that receipts and expenditures of our assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Our growth and entry into new products, technologies and markets will place significant additional pressure on our system of internal control over financial reporting. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud.

Operating our business through subsidiaries, some of which are located in foreign countries, also adds to the complexity of our internal control over financial reporting and adds to the risk of a system failure, an undetected improper use or expenditure of funds or other resources by a subsidiary, or a failure to properly report a transaction or financial results of a subsidiary. We allocate certain expenses among BioTime itself and one or more of our subsidiaries, which creates a risk that the allocations we make may not accurately reflect the benefit of an expenditure or use of financial or other resources by BioTime as the parent company and the subsidiaries among which the allocations are made. An inaccurate allocation may impact our consolidated financial results, particularly in the case of subsidiaries that we do not wholly own since our financial statements include adjustments to reflect the minority ownership interests in our subsidiaries held by others.

Our business and operations could suffer in the event of system failures

Despite the implementation of security measures, our internal computer systems and those of our contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Such events could cause interruption of our operations. For example, the loss of data for our product candidates could result in delays in our regulatory filings and development efforts and significantly increase our costs. To the extent that any disruption or security breach was to result in a loss of or damage to our data, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the development of our product candidates could be delayed.

Risks Related to Our Industry

We will face certain risks arising from regulatory, legal, and economic factors that affect our business and the business of other biotechnology and pharmaceutical development companies. Because we are a small company with limited revenues and limited capital resources, we may be less able to bear the financial impact of these risks than is the case with larger companies possessing substantial income and available capital.

If we do not receive regulatory approvals we will not be permitted to sell our therapeutic and medical device products

The therapeutic and medical device products that we and our subsidiaries develop cannot be sold until the FDA and corresponding foreign regulatory authorities approve the products for medical use. The need to obtain regulatory approval to market a new product means that:

- We will have to conduct expensive and time-consuming clinical trials of new products. The full cost of conducting and completing clinical trials necessary to obtain FDA and foreign regulatory approval of a new product cannot be presently determined, but could exceed our current financial resources.

- Clinical trials and the regulatory approval process for a pharmaceutical or cell-based product can take several years to complete. As a result, we will incur the expense and delay inherent in seeking FDA and foreign regulatory approval of new products, even if the results of clinical trials are favorable.

- Data obtained from preclinical and clinical studies is susceptible to varying interpretations that could delay, limit, or prevent regulatory agency approvals. Delays in the regulatory approval process or rejections of an application for approval of a new product may be encountered as a result of changes in regulatory agency policy.

- Because the therapeutic products we are developing with hES and iPS technology involve the application of new technologies and approaches to medicine, the FDA or foreign regulatory agencies may subject those products to additional or more stringent review than drugs or biologicals derived from other technologies.

- A product that is approved may be subject to restrictions on use.
- The FDA can recall or withdraw approval of a product if problems arise.
- We will face similar regulatory issues in foreign countries.

Clinical trial failures can occur at any stage of the testing and we may experience numerous unforeseen events during, or as a result of, the clinical trial process that could delay or prevent commercialization of our current or future therapeutic or diagnostic product candidates

Clinical trial failures or delays can occur at any stage of the trials, and may be directly or indirectly caused by a variety of factors, including but not limited to:

- delays in securing clinical investigators or trial sites for our clinical trials;
- delays in obtaining IRB and other regulatory approvals to commence a clinical trial;
- slower than anticipated rates of patient recruitment and enrollment, or failing to reach the targeted number of patients due to competition for patients from other trials;
- limited or no availability of coverage, reimbursement and adequate payment from health maintenance organizations and other third party payors for the use of agents used in our clinical trials;
- negative or inconclusive results from clinical trials;
- unforeseen side effects interrupting, delaying or halting clinical trials of our product candidates and possibly resulting in the FDA or other regulatory authorities denying approval of our product candidates;
- unforeseen safety issues;
- uncertain dosing issues;
- approval and introduction of new therapies or changes in standards of practice or regulatory guidance that render our clinical trial endpoints or the targeting of our proposed indications obsolete;
- inability to monitor patients adequately during or after treatment or problems with investigator or patient compliance with the trial protocols;
- inability to replicate in large controlled studies safety and efficacy data obtained from a limited number of patients in uncontrolled trials;
- inability or unwillingness of medical investigators to follow our clinical protocols; and
- unavailability of clinical trial supplies.

Government-imposed bans or restrictions and religious, moral, and ethical concerns about the use of hES cells could prevent us from developing and successfully marketing stem cell products

Government-imposed bans or restrictions on the use of embryos or hES cells in research and development in the United States and abroad could generally constrain stem cell research, thereby limiting the market and demand for our products. During March 2009, President Obama lifted certain restrictions on federal funding of research involving the use of hES cells, and in accordance with President Obama's Executive Order, the NIH has adopted new guidelines for determining the eligibility of hES cell lines for use in federally funded research. The central focus of the proposed guidelines is to assure that hES cells used in federally funded research were derived from human embryos that were created for reproductive purposes, were no longer needed for this purpose, and were voluntarily donated for research purposes with the informed written consent of the donors. The hES cells that were derived from embryos created for research purposes rather than reproductive purposes, and other hES cells that were not derived in compliance with the guidelines, are not eligible for use in federally funded research.

California law requires that stem cell research be conducted under the oversight of a stem cell research oversight committee ("SCRO"). Many kinds of stem cell research, including the derivation of new hES cell lines, may only be conducted in California with the prior written approval of the SCRO. A SCRO could prohibit or impose restrictions on the research that we plan to do.

The use of hES cells gives rise to religious, moral, and ethical issues regarding the appropriate means of obtaining the cells and the appropriate use and disposal of the cells. These considerations could lead to more restrictive government regulations or could generally constrain stem cell research, thereby limiting the market and demand for our products.

If we are unable to obtain and enforce patents and to protect our trade secrets, others could use our technology to compete with us, which could limit opportunities for us to generate revenues by licensing our technology and selling products

- Our success will depend in part on our ability to obtain and enforce patents and maintain trade secrets in the United States and in other countries. If we are unsuccessful at obtaining and enforcing patents, our competitors could use our technology and create products that compete with our products, without paying license fees or royalties to us.

- The preparation, filing, and prosecution of patent applications can be costly and time consuming. Our limited financial resources may not permit us to pursue patent protection of all of our technology and products throughout the world.

- Even if we are able to obtain issued patents covering our technology or products, we may have to incur substantial legal fees and other expenses to enforce our patent rights in order to protect our technology and products from infringing uses. We may not have the financial resources to finance the litigation required to preserve our patent and trade secret rights.

There is no certainty that our pending or future patent applications will result in the issuance of patents

We have filed patent applications for technology that we have developed, and we have obtained licenses for a number of patent applications covering technology developed by others, that we believe will be useful in producing new products, and which we believe may be of commercial interest to other companies that may be willing to sublicense the technology for fees or royalty payments. In the future, we may also file additional new patent applications seeking patent protection for new technology or products that we develop ourselves or jointly with others. However, there is no assurance that any of our licensed patent applications, or any patent applications that we have filed or that we may file in the future covering our own technology, either in the United States or abroad, will result in the issuance of patents.

In Europe, the European Patent Convention prohibits the granting of European patents for inventions that concern "uses of human embryos for industrial or commercial purposes." The European Patent Office is presently interpreting this prohibition broadly, and is applying it to reject patent claims that pertain to human embryonic stem cells. However, this broad interpretation is being challenged through the European Patent Office appeals system. As a result, we do not yet know whether or to what extent we will be able to obtain patent protection for our human embryonic stem cell technologies in Europe.

The Supreme Court decisions in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.* and *Association for Molecular Pathology v. Myriad Genetics* will need to be considered in determining whether certain diagnostic methods and reagents can be patented, since the Court denied patent protection for the use of a mathematical correlation of the presence of a well-known naturally occurring metabolite as a means of determining proper drug dosage, and found that DNA sequences isolated from humans were not patent eligible. Our subsidiary OncoCyte is developing *PanC-Dx*™ as a cancer diagnostic test, based on the presence of certain genetic markers for a variety of cancers. Because *PanC-Dx*™ combines an innovative methodology with newly discovered compositions of matter, we are hopeful that this Supreme Court decision will not preclude the availability of patent protection for OncoCyte's new product. However, like other developers of diagnostic products, we are evaluating this new Supreme Court decision and new guidelines issued by the USPTO for the patenting of products that test for biological substances.

The process of applying for and obtaining patents can be expensive and slow

- The preparation and filing of patent applications, and the maintenance of patents that are issued, may require substantial time and money.

- A patent interference proceeding may be instituted with the USPTO for patents or applications filed before March 16, 2013 when more than one person files a patent application covering the same technology, or if someone wishes to challenge the validity of an issued patent. At the completion of the interference proceeding, the USPTO may determine which competing applicant is entitled to the patent, or whether an issued patent is valid. Patent interference proceedings are complex, highly contested legal proceedings, and the USPTO's decision is subject to appeal. This means that if an interference proceeding arises with respect to any of our patent applications, we may experience significant expenses and delay in obtaining a patent, and if the outcome of the proceeding is unfavorable to us, the patent could be issued to a competitor rather than to us.

- After March 16, 2013 a derivation proceeding may be instituted by the USPTO or an inventor alleging that a patent or application was derived from the work of another inventor.

- Post Grant Review under the new America Invents Act will make available after March 16, 2013 opposition-like proceedings in the United States. As with the USPTO interference proceedings, Post Grant Review proceedings will be very expensive to contest and can result in significant delays in obtaining patent protection or can result in a denial of a patent application.

- Oppositions to the issuance of patents may be filed under European patent law and the patent laws of certain other countries. As with the USPTO interference proceedings, these foreign proceedings can be very expensive to contest and can result in significant delays in obtaining a patent or can result in a denial of a patent application.

Our patents may not protect our products from competition

We or our subsidiaries have patents in the United States, Canada, the European Union countries, the United Kingdom, Australia, Israel, Russia, South Africa, India, China, South Korea, Japan, Hong Kong, and Singapore, and have filed patent applications in other foreign countries for our plasma volume expander, stem cell products, *HyStem*® and other hydrogels, certain genes related to the development of cancer, and other technologies.

- We might not be able to obtain any additional patents, and any patents that we do obtain might not be comprehensive enough to provide us with meaningful patent protection.

- There will always be a risk that our competitors might be able to successfully challenge the validity or enforceability of any patent issued to us.

- In addition to interference proceedings, the USPTO can re-examine issued patents at the request of a third party seeking to have the patent invalidated. This means that patents owned or licensed by us may be subject to re-examination and may be lost if the outcome of the re-examination is unfavorable to us. As of September 16, 2012 our patents may be subject to inter partes review (replacing the inter partes reexamination proceeding), a proceeding in which a third party can challenge the validity of one of our patents.

We may be subject to patent infringement claims that could be costly to defend, which may limit our ability to use disputed technologies, and which could prevent us from pursuing research and development or commercialization of some of our products, require us to pay licensing fees to have freedom to operate, and/or result in monetary damages or other liability for us

The success of our business depends significantly on our ability to operate without infringing patents and other proprietary rights of others. If the technology that we use infringes a patent held by others, we could be sued for monetary damages by the patent holder or its licensee, or we could be prevented from continuing research, development, and commercialization of products that rely on that technology, unless we are able to obtain a license to use the patent. The cost and availability of a license to a patent cannot be predicted, and the likelihood of obtaining a license at an acceptable cost would be lower if the patent holder or any of its licensees is using the patent to develop or market a product with which our product would compete. If we could not obtain a necessary license, we would need to develop or obtain rights to alternative technologies, which could prove costly and could cause delays in product development, or we could be forced to discontinue the development or marketing of any products that were developed using the technology covered by the patent.

If we fail to meet our obligations under license agreements, we may lose our rights to key technologies on which our business depends

Our business depends on several critical technologies that are based in part on technology licensed from third parties. Those third-party license agreements impose obligations on us, including payment obligations and obligations to pursue development of commercial products under the licensed patents or technology. If a licensor believes that we have failed to meet our obligations under a license agreement, the licensor could seek to limit or terminate our license rights, which could lead to costly and time-consuming litigation and, potentially, a loss of the licensed rights. During the period of any such litigation, our ability to carry out the development and commercialization of potential products, and our ability to raise any capital that we might then need, could be significantly and negatively affected. If our license rights were restricted or ultimately lost, we would not be able to continue to use the licensed technology in our business.

The price and sale of our products may be limited by health insurance coverage and government regulation

Success in selling our pharmaceutical and cell-based products and medical devices may depend in part on the extent to which health insurance companies, HMOs, and government health administration authorities such as Medicare and Medicaid will pay for the cost of the products and related treatment. Presently, most health insurance plans and HMOs will pay for *Hextend*® when it is used in a surgical procedure that is covered by the plan. However, until we actually introduce a new product into the medical marketplace, we will not know with certainty whether adequate health insurance, HMO, and government coverage will be available to permit the product to be sold at a price high enough for us to generate a profit. In some foreign countries, pricing or profitability of health care products is subject to government control, which may result in low prices for our products. In the United States, there have been a number of federal and state proposals to implement similar government controls, and new proposals are likely to be made in the future.

Risks Related to our Dependence on Third Parties

If we fail to enter into and maintain successful strategic alliances for our therapeutic product candidates, we may have to reduce or delay our product development or increase our expenditures

An important element of our strategy for developing, manufacturing and commercializing our therapeutic product candidates will be entering into strategic alliances with pharmaceutical companies or other industry participants to advance our programs and enable us to maintain our financial and operational capacity. We will face significant competition in seeking appropriate alliances. We may not be able to negotiate alliances on acceptable terms, if at all. If we fail to create and maintain suitable alliances, we may have to limit the size or scope of, or delay, one or more of our product development or research programs, or we will have to increase our expenditures and will need to obtain additional funding, which may be unavailable or available only on unfavorable terms.

If we are able to enter into product development and marketing arrangements with pharmaceutical companies, we may license product development, manufacturing, and marketing rights to the pharmaceutical company or to a joint venture company formed with the pharmaceutical company. Under such arrangements we might receive only a royalty on sales of the products developed or an equity interest in a joint venture company that develops the product. As a result, our revenues from the sale of those products may be substantially less than the amount of revenues and gross profits that we might receive if we were to develop, manufacture, and market the products ourselves.

We may become dependent on possible future collaborations to develop and commercialize many of our product candidates and to provide the regulatory compliance, sales, marketing and distribution capabilities required for the success of our business

We may enter into various kinds of collaborative research and development and product marketing agreements to develop and commercialize our products. The expected future milestone payments and cost reimbursements from collaboration agreements could provide an important source of financing for our research and development programs, thereby facilitating the application of our technology to the development and commercialization of our products, but there are risks associated with entering into collaboration arrangements.

There is a risk that we could become dependent upon one or more collaborative arrangements for product development or as a source of revenues from the sale of any products that may be developed by us alone or through one of the collaborative arrangements. A collaborative arrangement upon which we might depend might be terminated by our collaboration partner or they might determine not to actively pursue the development or commercialization of our products. A collaboration partner also may not be precluded from independently pursuing competing products and drug delivery approaches or technologies.

There is a risk that a collaboration partner might fail to perform its obligations under the collaborative arrangements or may be slow in performing its obligations. In addition, a collaboration partner may experience financial difficulties at any time that could prevent it from having available funds to contribute to the collaboration. If a collaboration partner fails to conduct its product development, commercialization, regulatory compliance, sales and marketing or distribution activities successfully and in a timely manner, or if it terminates or materially modifies its agreements with us, the development and commercialization of one or more product candidates could be delayed, curtailed or terminated because we may not have sufficient financial resources or capabilities to continue such development and commercialization on our own.

We have very limited experience in marketing, selling or distributing our products, and we may need to rely on marketing partners or contract sales companies

Even if we are able to develop our products and obtain necessary regulatory approvals, we have very limited experience or capabilities in marketing, selling or distributing our products. We rely entirely on Hospira and CJ Health for the sale of *Hextend*®. We currently have only limited sales, marketing and distribution resources for selling our stem cell research products, and no marketing or distribution resources for selling any of the medical devices or therapeutic products that we are developing. Accordingly, we will be dependent on our ability to build our own marketing and distribution capability for our new products, which would require the investment of significant financial and management resources, or we will need to find collaborative marketing partners or sales representatives, or wholesale distributors for the commercial sale of our products.

If we market products through arrangements with third parties, we may pay sales commissions to sales representatives or we may sell or consign products to distributors at wholesale prices. As a result, our gross profit from product sales may be lower than it would be if we were to sell our products directly to end users at retail prices through our own sales force. There can be no assurance we will able to negotiate distribution or sales agreements with third parties on favorable terms to justify our investment in our products or achieve sufficient revenues to support our operations.

We do not have the ability to independently conduct clinical trials required to obtain regulatory approvals for our product candidates

We will need to rely on third parties, such as contract research organizations, data management companies, contract clinical research associates, medical institutions, clinical investigators and contract laboratories to conduct any clinical trials that we may undertake for our products. We may also rely on third parties to assist with our preclinical development of product candidates. If we outsource clinical trials we may be unable to directly control the timing, conduct and expense of our clinical trials. If we enlist third parties to conduct clinical trials and they fail to successfully carry out their contractual duties or regulatory obligations or fail to meet expected deadlines, if the third parties need to be replaced or if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our preclinical development activities or clinical trials may be extended, delayed, suspended or terminated, and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates.

Risks Related to the Asset Contribution Agreement

Asterias has been substituted for Geron in an appeal of two adverse patent rulings, and if the appeal is not successful, Asterias may not realize value from the Geron patent applications at issue in the appeal and might be precluded from developing therapies to treat certain diseases, such as diabetes

Asterias has been substituted for Geron as a party in interest in an appeal filed by Geron in the United States District Court for the Northern District of California, appealing two adverse rulings in favor of ViaCyte (formerly Novocell Inc.) by the United States Patent and Trademark Office's Board of Patent Appeals and Interferences. These rulings related to interference proceedings involving patent filings relating to definitive endoderm cells. Geron had requested that the Board of Patent Appeals and Interferences declare this interference after ViaCyte was granted patent claims that conflicted with subject matter Geron filed in a patent application having an earlier priority date. Those Geron patent applications are among the patent assets that Geron contributed to Asterias. Asterias will assume all liabilities arising with respect to the ViaCyte Appeal, other than expenses incurred by Geron relating to the ViaCyte Appeal prior to the closing of the asset contribution transaction. Appeals of this nature may involve costly and time-consuming legal proceedings and if Asterias is not successful in the appeal, these rulings may prevent or limit development of Asterias product candidates in certain fields such as diabetes treatment and Asterias may be unable to realize value from the patent applications at issue in the appeal.

We could be liable to indemnify Geron from certain liabilities

We and Asterias have agreed to indemnify Geron from and against certain liabilities relating to (a) the distribution of shares of Asterias Series A common stock to Geron stockholders, (b) Asterias' distribution of certain BioTime warrants to the holders of Asterias Series A common stock, and (c) any distribution of securities by Asterias to the holders of the Asterias Series A common stock within one year following Asterias' acquisition of Geron's stem cell assets. That indemnification obligation will last through the fifth anniversary of the earliest to occur of the date on which all of the BioTime warrants have either expired, or been exercised, cancelled or sold.

We and Asterias have also agreed to indemnify Geron, from and against certain expenses, losses, and liabilities arising from, among other things, breaches of our or Asterias' representations, warranties and covenants under the Asset Contribution Agreement. The maximum damages that may be recovered by either party for a loss under this indemnification related to representations, warranties and covenants, with certain exceptions, is limited to $2,000,000.

Asterias' operations may divert our management's attention away from ongoing operations and could adversely affect ongoing operations and business relationships

Now that Asterias has acquired Geron's stem cell assets and is conducting its own research and development programs, our management will be required to provide more management attention to Asterias. The diversion of our management's attention away from our other operations could adversely affect our operations and business relationships that do not relate to Asterias.

Risks Pertaining to Our Common Shares

Ownership of our common shares will entail certain risks associated with the volatility of prices for our common shares and the fact that we do not pay dividends on our common shares.

Because we are engaged in the development of pharmaceutical and stem cell research products, the price of our common shares may rise and fall rapidly

- The market price of our common shares, like that of the shares of many biotechnology companies, has been highly volatile.

- The price of our common shares may rise rapidly in response to certain events, such as the commencement of clinical trials of an experimental new drug, even though the outcome of those trials and the likelihood of ultimate FDA approval remain uncertain.

- Similarly, prices of our common shares may fall rapidly in response to certain events such as unfavorable results of clinical trials or a delay or failure to obtain FDA approval.

- The failure of our earnings to meet analysts' expectations could result in a significant rapid decline in the market price of our common shares.

- Changes in the price of our common shares will affect the price at which our warrants may trade.

Current economic and stock market conditions may adversely affect the price of our common shares

The stock market has been experiencing extreme price and volume fluctuations which have affected the market price of the equity securities without regard to the operating performance of the issuing companies. Broad market fluctuations, as well as general economic and political conditions, may adversely affect the market price of our common shares.

Because we do not pay dividends, our common shares may not be a suitable investment for anyone who needs to earn dividend income

We do not pay cash dividends on our common shares. For the foreseeable future, we anticipate that any earnings generated in our business will be used to finance the growth of our business and except for the semi-annual payment of dividends due on our Series A Preferred Stock, and will not be paid out as dividends to our shareholders. This means that our common shares may not be a suitable investment for anyone who needs to earn income from their investments.

Securities analysts may not initiate coverage or continue to cover our common shares and this may have a negative impact on the market price of our common shares

The trading market for our common shares will depend, in part, on the research and reports that securities analysts publish about our business and our common shares. We do not have any control over these analysts. There is no guarantee that securities analysts will cover our common shares. If securities analysts do not cover our common shares, the lack of research coverage may adversely affect the market price of those shares and our warrants. If securities analysts do cover our common shares, they could issue reports or recommendations that are unfavorable to the price of our common shares, and they could downgrade a previously favorable report or recommendation, and in either case our share prices could decline as a result of the report. If one or more of these analysts does not initiate coverage, ceases to cover our common shares or fails to publish regular reports on our business, we could lose visibility in the financial markets, which could cause our share prices or trading volume to decline.

The market price of our common shares could be impacted by the issuance of the common shares and warrants to Asterias and to an investor

Under the Asset Contribution Agreement, we issued to Asterias 8,902,077 common shares and 8,000,000 common share purchase warrants. We have also issued 1,350,000 common shares and 649,998 warrants to an investor under a Stock and Warrant Purchase Agreement. Asterias and the investor may sell the common shares they received from us. Those sales may take place from time to time on the NYSE MKT and may create downward pressure on the trading price of our common shares.

Asterias expects to distribute the warrants it receives from us to the future holders of its Series A common stock. The warrants we issued to Asterias will be exercisable for a period of five years at an exercise price of $5.00 per share, subject to adjustment for certain stock splits, reverse stock splits, stock dividends, recapitalizations and other transactions. The warrants we issued to the investor will be exercisable for a period of three years at an exercise price of $5.00 per share, subject to adjustment for certain stock splits, reverse stock splits, stock dividends, recapitalizations and other transactions. During the period that the warrants are outstanding, the actual or potential exercise of those warrants and sale of the underlying common shares may create downward pressure on the trading price of our common shares.

You may experience dilution of your ownership interests because of the future issuance of additional common shares and preferred shares by us and our subsidiaries

In the future, we may issue our authorized but previously unissued equity securities, resulting in the dilution of the ownership interests of our present shareholders. We are currently authorized to issue an aggregate of 127,000,000 shares of capital stock consisting of 125,000,000 common shares and 2,000,000 "blank check" preferred shares. As of May 6, 2014, there were 72,149,329 common shares outstanding of which 10,546,137 were held by certain of our subsidiaries for resale in "at-the-market" transactions, 5,536,301 common shares reserved for issuance upon the exercise of outstanding options under our employee stock option plans; and 9,751,615 shares reserved for issuance upon the exercise of common share purchase warrants. Our Board of Directors has designated 300,000 preferred shares as Series A Convertible Preferred Stock, of which 70,000 shares were outstanding as of March 31, 2014 and are convertible at the election of the holders into 875,000 common shares.

The operation of some of our subsidiaries has been financed in part through the sale of capital stock in those subsidiaries to private investors. Sales of additional subsidiary shares could reduce our ownership interest in the subsidiaries, and correspondingly dilute our shareholder's ownership interests in our consolidated enterprise. Our subsidiaries also have their own stock option plans and the exercise of subsidiary stock options or the sale of restricted stock under those plans would also reduce our ownership interest in the subsidiaries, with a resulting dilutive effect on the ownership interest of our shareholders in our consolidated enterprise.

We and our subsidiaries may issue additional common shares or other securities that are convertible into or exercisable for common shares in order to raise additional capital, or in connection with hiring or retaining employees or consultants, or in connection with future acquisitions of licenses to technology or rights to acquire products, or in connection with future business acquisitions, or for other business purposes. The future issuance of any such additional common shares or other securities may create downward pressure on the trading price of our common shares.

We may also issue preferred shares having rights, preferences, and privileges senior to the rights of our common shares with respect to dividends, rights to share in distributions of our assets if we liquidate our company, or voting rights. Any preferred shares may also be convertible into common shares on terms that would be dilutive to holders of common shares. Our subsidiaries may also issue their own preferred shares with a similar dilutive impact on our ownership of the subsidiaries.

The market price of our common shares could be impacted by prices at which we sell shares in our subsidiaries

The operation of some our subsidiaries has been financed in part through the sale of capital stock in those subsidiaries, and our subsidiaries may sell shares of their capital stock in the future for financing purposes. The prices at which our subsidiaries may sell shares of their capital stock could impact the value of our company as a whole and could impact the price at which our common shares trade in the market. A sale of capital stock of one of our subsidiaries at a price that the market perceives as low could adversely impact the market price of our common shares. Even if our subsidiaries sell their capital stock at prices that reflect arm's length negotiation with investors, there is no assurance that those prices will reflect a true fair market value or that the ascribed value of the subsidiaries based on those share prices will be fully reflected in the market value of our common shares.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Previously reported.

Item 3. Default Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Numbers	Description
3.1	Articles of Incorporation with all amendments.(1)
3.2	By-Laws, As Amended. (2)
4.1	Specimen of Series A Convertible Preferred Stock Certificate (3)
4.2	Certificate of Determination of Series A Convertible Preferred Stock (3)
10.1	Preferred Stock Purchase Agreement, dated March 4, 2014, between BioTime and certain investors (3)
10.2	Option Agreement, dated March 4, 2014, between BioTime and certain investors (3)
10.3	Amendment No. 1 to *Controlled Equity Offering*SM Sales Agreement, dated March 26, 2014, between BioTime, Inc. and Cantor Fitzgerald & Co (4)
31	Rule 13a-14(a)/15d-14(a) Certification.*
32	Section 1350 Certification.*
101	Interactive Data File
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase *
101.LAB	XBRL Taxonomy Extension Label Linkbase *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase *
101.DEF	XBRL Taxonomy Extension Definition Document *

(1) Incorporated by reference to BioTime's Annual Report on Form 10-K/A-1 for the year ended December 31, 2013 filed with the Securities and Exchange Commission on April 29, 2014

(2) 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.

(3) Incorporated by reference to BioTime's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 5, 2014

(4) Incorporated by reference to BioTime's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 26, 2014

* Filed herewith

SIGNATURES

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

BIOTIME, INC.

Date: May 12, 2014

/s/ Michael D. West
Michael D. West
Chief Executive Officer

Date: May 12, 2014

/s/ Robert W. Peabody
Robert W. Peabody
Chief Financial Officer

Exhibit Numbers	Description
3.1	Articles of Incorporation with all amendments.(1)
3.2	By-Laws, As Amended. (2)
4.1	Specimen of Series A Convertible Preferred Stock Certificate (3)
4.2	Certificate of Determination of Series A Convertible Preferred Stock (3)
10.1	Preferred Stock Purchase Agreement, dated March 4, 2014, between BioTime and certain investors (3)
10.2	Option Agreement, dated March 4, 2014, between BioTime and certain investors (3)
10.3	Amendment No. 1 to *Controlled Equity Offering*SM Sales Agreement, dated March 26, 2014, between BioTime, Inc. and Cantor Fitzgerald & Co (4)
31	Rule 13a-14(a)/15d-14(a) Certification.*
32	Section 1350 Certification.*
101	Interactive Data File
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase *
101.LAB	XBRL Taxonomy Extension Label Linkbase *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase *
101.DEF	XBRL Taxonomy Extension Definition Document *

(1) Incorporated by reference to BioTime's Annual Report on Form 10-K/A-1 for the year ended December 31, 2013 filed with the Securities and Exchange Commission on April 29, 2014

(2) 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.

(3) Incorporated by reference to BioTime's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 5, 2014

(4) Incorporated by reference to BioTime's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 26, 2014

* Filed herewith

Exhibit 31

CERTIFICATIONS

I, Michael D. West, certify that:

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

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: May 12, 2014

/s/ Michael D. West
Michael D. West
Chief Executive Officer

CERTIFICATIONS

I, Robert W. Peabody, certify that:

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

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

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

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: May 12, 2014

/s/ Robert W. Peabody
Robert W. Peabody
Chief Financial Officer

Exhibit 32

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

In connection with the Quarterly Report on Form 10-Q of BioTime, Inc. (the "Company") for the quarter ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Michael D. West, Chief Executive Officer, and Robert W. Peabody, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: May 12, 2014

/s/ Michael D. West
Michael D. West
Chief Executive Officer

/s/ Robert W. Peabody
Robert W. Peabody
Chief Financial Officer