

Bio-Matrix Scientific Group, Inc.
Form 10QSB
February 15, 2008

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

Quarterly Report under Section 13 or 15 (d) of
Securities Exchange Act of 1934

For Period ended December 31, 2007

Commission File Number 0-32201

BIO- MATRIX SCIENTIFIC GROUP, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State of Incorporation)

33-0824714
(I.R.S. Employer Identification No.)

8885 Rehco Road, San Diego, California
(Address of Principal Executive Offices)

92121
(Zip Code)

(619) 398-3517
(Registrant's telephone number, including area code)

Check 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. YesxNoo

There were 23,420,823 shares of Common Stock outstanding as of December 31, 2007.

Item 1. Financial Statements.

Chang G. Park, CPA, Ph. D.
t 371 E STREET t CHULA VISTA t CALIFORNIA 91910-2615t
t TELEPHONE (858)722-5953 t FAX (858) 408-2695 t FAX (858) 764-5480
E-MAIL changgpark@gmail.com

Report of Independent Registered Public Accounting Firm

To the Board of Directors of
Bio-Matrix Scientific Group, Inc. and Subsidiary
(A Development Stage Company)

We have reviewed the consolidated accompanying balance sheet of Bio-Matrix Scientific Group, Inc. and Subsidiary (A Development Stage “Company”) as of December 31, 2007, and the related consolidated statements of operation, changes in stockholders’ equity, and cash flows for the three months ended December 31, 2007; and for the period from October 6, 1998 (inception) through December 31, 2007. These financial statements are the responsibility of the Company’s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 5 to the consolidated financial statements, the Company is currently in the development stage. Because of the Company’s current status and limited operations there is substantial doubt about its ability to continue as a going concern. Management’s plans in regard to its current status are also described in Note 5. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Chang G. Park

Chang G. Park, CPA

February 14, 2008
Chula Vista, California

Bio-Matrix Scientific Group Inc. and subsidiary
(A Development Stage Company)
Consolidated Balance Sheet

ASSETS

	As of December 31, 2007
	(Unaudited)
CURRENT ASSETS	
Cash	\$ 1,076
Employee Receivable	282
Pre-paid Expenses	22,345
Total Current Assets	23,703
PROPERTY & EQUIPMENT	382,461
GOODWILL	
Intangible Assets/Technology	-
Total Other Assets	23,092
TOTAL ASSETS	\$ 429,256

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts payable	\$ 43,745
Loans from former parent	-
Bank Overdraft	3,537
Notes Payable	162,619
Accrued Payroll	48,000
Accrued Payroll taxes	30,386
Accrued Interest	6,515
Accrued expenses	16,513

Total Current Liabilities	311,315
LONG TERM LIABILITIES	
Convertible Note	125,000
TOTAL LIABILITIES	436,315
STOCKHOLDERS' EQUITY	
Preferred Stock (\$.0001 par value authorized 20,000,000 shares authorized; none issued and outstanding.)	
Common Stock, (\$.0001 par value authorized 80,000,000 shares authorized; 23,420,823 and 23,229,396 shares issued and outstanding as of December 31, and September 30, 2007, respectively	2,342
Additional paid in Capital	5,270,352
Deficit accumulated during the development stage	(5,279,753)
 Total Stockholders' Equity (Deficit)	 \$ (7,059)
 TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	 \$ 429,256

The Following Notes are an integral part of these Financial Statements

Bio-Matrix Scientific Group Inc. and subsidiary
Consolidated Statements of Operations (Unaudited)

	3 Months Ended Dec 31, 2007	3 Months Ended Dec 31, 2006	Inception (August 2, 2005) through Dec 31, 2007
REVENUES			
Sales	\$ -	\$ -	\$ -
Total Revenues			
COSTS AND EXPENSES			
Research and Development	34,307	108,489	506,224
General and administrative	225,275	224,673	2,681,597
Depreciation and amortization	334	333	2,549
Consulting and professional fees	142,237	125,840	2,025,103
Impairment of goodwill & intangibles			34,688
Total Costs and Expenses	402,153	459,335	5,250,161
OPERATING LOSS	(402,153)	(459,335)	(5,250,161)
OTHER INCOME & (EXPENSES)			
Interest Expense	(3,659)	(6,844)	(29,824)
Interest Income			306
Other income			
Other Expense			(74)
Total Other Income & (Expenses)	(3,659)	(6,844)	(29,592)
NET INCOME (LOSS)	\$ (405,812)	\$ (466,179)	\$ (5,279,753)

BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

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BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	\$	(0.02)	\$	(0.03)	\$	-
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		23,335,098		15,275,294		-

The Following Notes are an integral part of these Financial Statements

5

BIO-MATRIX SCIENTIFIC GROUP INC. AND SUBSIDIARY
 Consolidated Statement of Stockholders' Equity (Unaudited)
 From August 2, 2005 through December 31, 2007

	Common Shares	Common Amount	Additional Paid-in Capital	Retained Earnings	Total
Shares issued to parent	25,000	35,921	0		35,921
Net Loss August 2, 2005 through September 30, 2005				(1,000)	(1,000)
Balance September 30, 2005	25,000	35,921	0	(1,000)	34,921
Net Loss October 1, 2005 through December 31, 2005				(366,945)	(366,945)
Balance December 31, 2005	25,000	35,921	0	(367,945)	(332,024)
Recapitalization	9,975,000	(34,921)	34,921		0
Stock issued Tasco merger	2,780,000	278	(278)		0
Stock issued for services	305,000	31	759,719		759,750
Stock issued for Compensation	300,000	30	584,970		585,000
Net Loss January 1, 2006 through September 30, 2006				(2,053,249)	(2,053,249)
Balance September 30, 2006	13,385,000	1,339	1,379,332	(2,421,194)	(1,040,523)
Stock issued for services	100,184	10	112,524		112,534
Stock issued for Compensation	153,700	15	101,465		101,480
Stock issued in exchange for canceling debt	2,854,505	284	1,446,120		1,446,404
Net Loss October 1, 2006 through December 31, 2006				(466,179)	(466,179)
Balance December 31, 2006	16,493,389	1,649	3,039,441	(2,887,373)	153,717
Stock issued for cash	500,000	50	124,950		125,000
Stock issued for services	359,310	36	235,042		235,078
Stock issued for Compensation	143,920	14	88,400		88,414
Stock issued in exchange for canceling debt	500,000	50	124,950		125,000
Net Loss January 1, 2007 through March 31, 2007				(515,624)	(515,624)
Balance March 31, 2007	17,996,619	1,800	3,612,783	(3,402,997)	211,585

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Stock issued for cash	240,666	24	60,142	60,166
Stock issued for services	406,129	41	222,889	222,930
Stock issued for Compensation	150,000	15	110,435	110,450
Stock issued in exchange for canceling debt	1,316,765	132	329,059	329,191
Net Loss April 1, 2007 through June 30, 2007				(718,955)
Balance June 30, 2007	20,110,179	2,011	4,335,308	(4,121,952)
Stock issued for cash	1,200,000	120	299,880	300,000
Stock issued for services	1,253,000	125	404,125	404,250
Stock issued for Compensation	100,000	10	24,990	25,000
Stock issued in exchange for canceling debt	566,217	57	143,940	143,997
Net Loss July 1, 2007 through September 30, 2007				(751,989)
Balance September 30, 2007	23,229,396	2,323	5,208,244	(4,873,941)
Stock issued for Cash				
Stock issued for services	191,427	19	62,108	62,127
Net Loss October 1, 2007 through December 31, 2007				(405,812)
Balance December 31, 2007	23,420,823	2,342	5,270,352	(5,279,753)

The Following Notes are an integral part of these Financial Statements

Bio-Matrix Scientific Group Inc. and subsidiary
Consolidated Statements of Cash Flows (Unaudited)

	3 Months Ended December 31, 2007	3 Months Ended December 31, 2006	August 2, 2005 (inception) through December 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)	(405,812)	(466,179)	(5,279,753)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation expense	334	333	2,548
Stock issued for compensation		101,480	910,344
Stock issued for services	62,128	112,534	1,796,670
Stock issued to cancel debt plus accrued interest		251,209	
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	(282)	(74)	(282)
(Increase) decrease in prepaid expenses	(11,047)	20,207	(22,345)
(Increase) decrease in organizational costs			
Increase (Decrease) in Accounts Payable	34,730	(36,856)	43,744
Increase (Decrease) in Accrued Expenses	56,375	(4,830)	131,361
 (Increase) Decrease in Deposits			 (23,092)
 Net Cash Provided by (Used in) Operating Activities	 (263,574)	 (22,176)	 (2,440,805)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets	(17,473)	(24,846)	(385,009)
Purchases of Intangible assets			

Net Cash Provided by (Used in) Investing Activities	(17,473)	(24,846)	(385,009)
CASH FLOWS FROM FINANCING ACTIVITIES			
Common stock issued for cash			1,472
Additional paid in Capital			519,615
Principal borrowings on notes and Convertible Debentures	121,010	39,372	982,070
Convertible notes	125,000		125,000
Increase (Decrease) in Bank Overdraft	(7,997)		3,537
Net borrowings from related parties			1,195,196
Net Cash Provided by (Used in) Financing Activities	238,013	39,372	2,826,890
Net Increase (Decrease) in Cash	(43,034)	(7,650)	1,076
Cash at Beginning of Quarter	44,110	22,641	-
Cash at End of Quarter	\$ 1,076	14,991	1,076
Supplemental Cash Flow Disclosures:			
Significant non-cash activities:			
Stock issued to cancel debt	\$ -	\$ -	\$ 2,044,592
Total	-	-	2,044,592

The Following Notes are an integral part of these Financial Statements

BIO-MATRIX SCIENTIFIC GROUP, INC. AND SUBSIDIARY
Notes to consolidated Financial Statements
As of December 31, 2007

NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Bio-Matrix Scientific Group, Inc. ("Company") was organized October 6, 1998, under the laws of the State of Delaware as Tasco International, Inc.

The Company is in the development stage. From October 6, 1998 to June 3, 2006 its activities have been limited to capital formation, organization, and development of its business plan to provide production of visual content and other digital media, including still media, 360-degree images, video, animation and audio for the Internet.

On July 3, 2006 the Company abandoned its efforts in the field of digital media production when it acquired 100% of the share capital of Bio-Matrix Scientific Group, Inc., a Nevada corporation, for consideration consisting of 10,000,000 shares of the common stock of the Company and the cancellation of 10,000,000 shares of the Company

owned and held by John Lauring.

As a result of this transaction, the former stockholder of Bio-Matrix Scientific Group, Inc held approximately 80% of the voting capital stock of the Company immediately after the transaction. For financial accounting purposes, this acquisition was a reverse acquisition of the Company by Bio-Matrix Scientific Group, Inc under the purchase method of accounting, and was treated as a recapitalization with Bio-Matrix Scientific Group, Inc. as the acquirer. Accordingly, the financial statements have been prepared to give retroactive effect to August 2, 2005 (date of inception), of the reverse acquisition completed on July 3, 2006, and represent the operations of Bio-Matrix Scientific Group, Inc.

Bio-Matrix Scientific Group, Inc. (“BMSG”) is a development stage company in the business of designing, developing, and marketing medical devices, specifically disposable instruments used in stem cell extraction and tissue transfer procedures and operating cryogenic cellular storage facilities, specifically stem cell banking facilities. BMSG is the Company's only subsidiary and operating entity at this time.

On November 1, 2007, the Company was granted a Biologics license (“License”) from the Department of Health Services of the State of California. This License permits the Company’s current facility to accept and store cord blood (Stem Cells), whole blood, and various blood related specimens for cryogenic short and long term storage and on November 13, 2007, the Company entered into an agreement with Dr. Joao L. Ascensao, M.D., Ph.D., F.A.C.P. whereby Dr. Ascensao, as an independent contractor and not as an employee, has agreed to act as the Company’s Medical Director.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred. The Company has adopted a September 30, year-end.

B. USE OF ESTIMATES

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

C. DEVELOPMENT STAGE

The Company is a development stage company that devotes substantially all of its efforts in the development of its plan to operate in the field of the development, manufacture and marketing of medical devices and the operation of cellular storage facilities, specifically stem cell banking facilities.

D. CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Maintenance and repairs are expensed in the year in which they are incurred. Expenditures that enhance the value of property and equipment are capitalized.

The Company has depreciated property and equipment by the straight-line method over the useful life.

F. INCOME TAXES

Income taxes are provided in accordance with Statement of Financial accounting Standards No. 109 (SFAS 109), Accounting for Income Taxes. A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carry forwards. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

G. BASIC EARNINGS (LOSS) PER SHARE

In February 1997, the FASB issued SFAS No. 128, "Earnings Per Share", which specifies the computation, presentation and disclosure requirements for earnings (loss) per share for entities with publicly held common stock. SFAS No. 128 supersedes the provisions of APB No. 15, and requires the presentation of basic earnings (loss) per share and diluted earnings (loss) per share. The Company has adopted the provisions of SFAS No. 128 effective October 6, 1998 (inception).

Basic net loss per share amounts is computed by dividing the net income by the weighted average number of common shares outstanding. Diluted earnings per share are the same as basic earnings per share due to the lack of dilutive items in the Company.

NOTE 3. Property and equipment

Property and equipment as of December 31, 2007 consists of the following:

Acquisition cost:	Estimate useful life (year)		
Production Equipment	3 to 5	\$ US	108,201
Production Clean room	10		78,261
Leasehold improvement	10		188,980
Office equipment	3 to 5		4,311
Computer	3		5,257
Subtotal			385,009
Less accumulated depreciation			(2,549)
Total		\$ US	382,461

Depreciation expenses were \$334 and \$333 for the three months ended December 31, 2007 and December 31, 2006, respectively.

NOTE 4. WARRANTS AND OPTIONS

On July 17, 2006 the Company signed a public relations agreement with OTCFN which called for the issuance of an option agreement for 200,000 options exercisable at \$4.50 per share. These options expired unexercised six months from the date of execution of the agreement

NOTE 5. GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company generated net losses of \$5,279,753 during the period from August 2, 2005 (inception) through December 31, 2007. This condition raises substantial doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to meet its obligations, to obtain additional financing as may be required and ultimately to attain profitability. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management plans to raise additional funds through debt or equity offerings. While management has raised \$125,000 through the issuance of convertible debentures during the three months ended December 31, 2007, management has yet to decide what type of offering the Company will use or how much capital the Company will raise. There is no guarantee that the Company will be able to raise any capital through any type of offerings.

NOTE 6. INCOME TAXES

As of December 31 , 2007

Deferred tax assets:	
Net operating tax carry forwards	\$ 1,781,987
Other	-0-
Gross deferred tax assets	1,781,987
Valuation allowance	(1,781,987)
Net deferred tax assets	\$ -0-

As of December 31, 2007 the Company has a Deferred Tax Asset of \$1,781,987 completely attributable to net operating loss carry forwards of approximately \$5,318,369 (which expire 20 years from the date the loss was incurred) .consisting of

(a) \$38,616, of Net Operating Loss Carry forwards acquired in the reverse acquisition and

(b) \$5,279,753 attributable to BMSG.

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carry forwards are expected to be available to reduce taxable income. The achievement of required future taxable income is uncertain. In addition, the reverse acquisition of BMSG has resulted in a change of control. Internal Revenue Code Sec 382 limits the amount of income that may be offset by net operating loss (NOL) carryovers after an ownership change. As a result, the Company has the Company recorded a valuation allowance reducing all deferred tax assets to 0.

NOTE 7. RELATED PARTY TRANSACTION

On July 3, 2006, the Company acquired 100% of the share capital of BMSG from BMXP Holdings, Inc., formerly named Bio-matrix Scientific Group, Inc. in a reverse acquisition (See Note 12).

David R. Koos, the Chairman, CEO and President of the Company, is, and at the time of the acquisition was, the Chairman and Chief Executive Officer of BMXP Holdings Inc. as well as beneficial owner of 24% of the share capital of BMXP Holdings, Inc. Brian Pockett, Vice President, COO and Director of the Company, is, and at the time of the acquisition was, Chief Operating Officer, Managing Director and a Director of BMXP Holdings Inc. as well as beneficial owner of 14% of the share capital of BMXP Holdings, Inc.

On October 11, 2006, the Company entered into an Agreement with BMXP Holdings, Inc (“BMXP”) (“Agreement”) pursuant to which the Company issued to BMXP 1,462,570 common shares of the Company on or prior to October 12, 2006. This issuance will constitute full satisfaction of the amount of \$1,191,619 plus any accrued and unpaid interest, owed to BMXP by the Company.

As further consideration to BMXP for entering into this Agreement and abiding by the terms and conditions thereof, at any time within a period of 365 days from the date of the Agreement, BMXP shall have the right, upon written demand to the Company (“Registration Demand”), to cause the Company, within ninety days of the Registration Demand, to prepare and file with the United States Securities and Exchange Commission (“SEC”) a registration statement to register under the Securities Act of 1933, as amended, 11,462,570 common shares of the Company (including the shares issued pursuant to this Agreement) owned by BMXP (“Registerable Securities”), in order that the Registerable Securities may be distributed to BMXP shareholders on a pro rata basis (based on their ownership of common shares of the Company as of a Record Date to be determined by BMXP), and use its reasonable best efforts to cause that registration statement to be declared effective by the SEC. This right may also be exercised by any entity to which BMXP has transferred ownership of the Registerable Securities in trust for the BMXP Record Shareholders.

On April 4, 2007, 985,168 shares of the Company’s common stock were issued to Bombardier Pacific Ventures in full satisfaction of \$246,292 owed by the Company to Bombardier Pacific Ventures. David R. Koos, the Company’s Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO is the sole beneficial owner of Bombardier Pacific Ventures.

On July 30, 2007, the Company issued 566,217 common shares to Bombardier Pacific Ventures in satisfaction of the principal amount of \$141,554 owed by the Company to Bombardier Pacific Ventures. David R. Koos, the Company’s Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures.

Between October 12, 2007 and December 31, 2007, the Company borrowed \$127,009 from Bombardier Pacific Ventures. David R. Koos, the Company's Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures. In consideration for this loan, the Company issued Bombardier Pacific Ventures a series of Notes, callable at par plus any accrued and unpaid interest by the company upon five days written notice, bearing simple interest at 15% maturing within one year of issuance.

NOTE 8. CONVERTIBLE DEBENTURES

On November 14, 2007 the Company sold a \$50,000 face value convertible debenture ("Convertible Debenture") for an aggregate purchase price of \$50,000 to one purchaser.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 12% per annum, payable on the maturity Date, which is November 14, 2009.

At any time subsequent to the expiration of a six month period since either of:

- (i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of the common stock of the Company by certain selling shareholders (the "Selling Shareholders Registration Statement") has been declared effective by the SEC or
- (ii) the Selling Shareholder Registration Statement has been withdrawn by the Company,

the holder may convert the Convertible Debenture, in whole but not in part, into the Company's common shares at the conversion rate of \$0.15 per Share.

Subsequent to any conversion, the holder shall have the right, upon written demand to Company ("Registration Demand"), to cause Company, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission ("SEC") a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to the Company in the event the registration Statement is not declared effective by the SEC.

On November 30, 2007, the Company sold \$75,000 face value convertible debenture ("Convertible Debenture") for an aggregate purchase price of \$75,000 to one purchaser.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 12% per annum, payable on the maturity Date, which is November 14, 2009.

At any time subsequent to the expiration of a six month period since either of:

- (i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of the Company's common stock by certain selling shareholders (the "Selling Shareholders Registration Statement") has been declared effective by the SEC or
- (ii) the Selling Shareholder Registration Statement has been withdrawn by us.

The holder may convert the Convertible Debenture, in whole but not in part, into the Company's common shares at the conversion rate of \$0.15 per Share ("Conversion Shares").

Subsequent to any conversion, the holder shall have the right, upon written demand to us ("Registration Demand"), to cause the Company, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission ("SEC") a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to us in the event the registration Statement is not declared effective by the SEC.

NOTE 9. STOCK TRANSACTIONS

Transactions, other than employees' stock issuance, are in accordance with paragraph 8 of SFAS 123. Thus issuances shall be accounted for based on the fair value of the consideration received. Transactions with employees' stock issuance are in accordance with paragraphs (16-44) of SFAS 123. These issuances shall be accounted for based on the fair value of the consideration received or the fair value of the equity instruments issued, or whichever is more readily determinable.

On October, 6, 2006 the Company issued 8,850 shares of common stock to consultants for services pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On October 11, 2006 the Company issued 43,000 shares of common stock to consultants for services pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On October 11, 2006, the Company issued 1,462,570 common shares of the Company to BMXP Holdings Inc. in full satisfaction of the amount of \$1,191,619 plus accrued and unpaid interest, owed to BMXP Holdings, Inc. by the Company.

On November 10, 2006 the Company issued 100,000 shares of common stock to management pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On November 10, 2006 the Company issued 25,000 shares of common stock to consultants for services pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On December 5, 2006 the Company issued 8,334 shares of common stock to a consultant for services pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On December 5, 2006 the Company issued 1,391,935 shares of common stock to Bio-Technology Partners Business Trust which constituted full satisfaction of the amount of \$246,744 plus accrued interest owed by the Company to Bio-Technology Partners Business Trust.

On December 14, 2006 the Company issued 68,700 shares of common stock to management, employees and consultants for services pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

During the quarter ended March 31, 2007 the Company issued 143,920 shares of common stock to management and employees as compensation pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

During the quarter ended March 31, 2007 the Company issued 359,310 to consultants for services pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On March 9, 2007 the Company issued 500,000 shares of common stock to Bio-Technology Partners Business Trust which constituted full satisfaction of the amount of \$125,000 owed by the Company to Bio-Technology Partners Business Trust.

During the quarter ended March 31, 2007 the Company issued 500,000 shares of common stock for cash consideration of \$125,000.

On April 4, 2007, the Company issued 240,666 common shares for cash consideration of \$60,166.

On April 4, 2007, the Company issued 27,589 Shares to two purchasers as consideration for services rendered valued at \$6,758.

On April 4, 2007, the Company issued 5,000 common shares as consideration for services rendered valued at \$1,250.

On April 4, 2007, the Company issued 40,000 common shares to management and employees as compensation pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On April 4, 2007, 985, 168 shares of the Company's common stock were issued to Bombardier Pacific Ventures in full satisfaction of \$246,292 owed by the Company to Bombardier Pacific Ventures. David R. Koos, the Company's Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures

On April 18, 2007, the Company issued 5,000 common shares to an employee as compensation pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On April 18, 2007, the Company issued 5,000 common shares pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered valued at \$3,750

On May 22, 2007, the Company issued 15,000 common shares pursuant to the TASCO HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered valued at \$9,300.

On May 22, 2007 the Company issued 65,000 common shares to management pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN
On June 7, 2007, the Company issued 32,040 common shares pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered valued at \$20,185.

On June 7, 2007, the Company issued 5,000 common shares to an employee as compensation pursuant to the TASCO HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On June 21, 2007, 331,597 shares of the Company's common stock were issued to Venture Bridge Advisors in full satisfaction of \$82,900 owed by the Company to Venture Bridge Advisors.

On June 28, 2007 the Company issued 321,500 common shares pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered valued at \$176,825.

On June 28, 2007 the Company issued 35,000 common shares to management pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

On July 12, 2007, the Company issued 23,000 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

On July 30, 2007, the Company issued 500,000 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered

On July 30, 2007, the Company issued 155,000 common shares to management pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

On July 30, 2007, the Company issued 566,217 common shares to Bombardier Pacific Ventures in satisfaction of the principal amount of \$141,554 owed by the Company to Bombardier Pacific Ventures. David R. Koos, the Company's Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures.

On July 31, 2007, the Company issued 760,000 common shares for cash consideration of \$190,000.

On August 6, 2007, the Company issued 620,000 common shares to consultants as consideration for services rendered.

On August 6, 2007, the Company issued 440,000 common shares for cash consideration of \$110,000

On September 10, 2007, the Company issued 55,000 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered

On October 2, 2007, the Company issued 21,429 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered

On October 4, 2007, the Company issued 28,572 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered

On October 29, 2007, the Company issued 20,000 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

On November 7, 2007, the Company issued 28,750 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

On November 26, 2007, the Company issued 48,510 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

On December 6, 2007, the Company issued 25,000 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

On December 17, 2007, the Company issued 19,166 common shares to a consultant pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

NOTE 10. STOCKHOLDERS' EQUITY

The stockholders' equity section of the Company contains the following classes of capital stock as of December 31, 2007:

* Preferred stock, \$ 0.0001 par value; 20,000,000 shares authorized: -0- shares issued and outstanding.

* Common stock, \$ 0.0001 par value; 80,000,000 shares authorized: 23,420,823 shares issued and outstanding

NOTE 11. COMMITMENTS AND CONTINGENCIES

On August 3, 2005, BMSG entered into an agreement to lease a 14,562 square foot facility for use as a cellular storage facility at a rate of \$18,931 per month. The lease is for a period of five years commencing on December 1, 2005 and expiring on November 30, 2010. The lease contains a renewal option enabling the Company to renew the lease for an additional five years. There are no contingent payments which the Company is required to make.

Lease Commitments

Ending September 30	Amounts
2008	\$ 241,611
2009	248,864
2010	234,377
2011	42,614
Total	\$ 767,466

Since the signing of this lease, BMSG has been improving this facility and has made substantial progress toward creating a cGMP (Good Manufacturing Practices) and cGTP (Good Tissue Practices) compliant facility specifically designed for the cryogenic storage of stem cells, medical device engineering, stem cell research and stem cell specimen processing laboratories.

Concurrently, the Company has been developing the policies and procedures needed for processing stem cells for cryogenic storage.

NOTE 12. ACQUISITION OF BIO-MATRIX SCIENTIFIC GROUP (NEVADA).

On June 14, 2006, the Company and Bio-Matrix Scientific Group, Inc., a Delaware corporation (the “Seller”) entered into a Stock Purchase Agreement (the “Acquisition Agreement”).

Under the terms of the Acquisition Agreement and pursuant to a separate Escrow Agreement between the Company and the Seller, The Company delivered to the Escrow Agent the sum of 10,000,000 shares of the Company's common stock and other corporate and financial records and the Seller delivered to the Escrow Agent 25,000 shares of the common stock of BSMG., a Nevada corporation (the “Subsidiary”). As a part of the transaction and pursuant to the terms of the Acquisition Agreement and Stock Cancellation Agreement between the parties and John Luring, the Company's former Chairman and Chief Executive Officer, John Luring returned 10,000,000 shares of the Company held and owned by him for cancellation.

On June 14, 2006, the Company's officers and directors resigned their positions and elected Dr. David R. Koos and Mr. Brian Pockett as in-coming Directors of the Registrant. Following their election and the reconstruction of the Board of Directors, the Registrant's Board of Directors elected Dr. David R. Koos as Chief Executive Officer and President and Mr. Brian Pockett as Chief Operating Officer and Vice President on June 19, 2006.

On July 3, 2006, the Acquisition Agreement closed and Company acquired the twenty-five thousand (25,000) shares of the Common Stock of the Subsidiary from the Seller in exchange for the payment of the purchase price of 10,000,000 shares of the common stock of the Company and the 10,000,000 shares of the Company owned and held by John Luring were returned to the Company for cancellation. At that time, the Escrow Agent released all stock certificates and certain other corporate and financial books and records held pursuant to the Escrow Agreement. As a result of the Acquisition Agreement, the Subsidiary became a wholly owned subsidiary of the Company and the Seller became the holder of approximately 78.24% of the outstanding common stock of the Registrant. For financial accounting purposes, this acquisition was a reverse acquisition of the Company by Bio-Matrix Scientific Group, Inc under the purchase method of accounting, and was treated as a recapitalization with Bio-Matrix Scientific Group, Inc. as the acquirer.

NOTE 13. TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

On July 25, 2006 the Company adopted the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN ("the Plan") which provides for the issuance of up to 1,500,000 authorized but unissued shares of Common Stock to eligible employees and consultants for services rendered ("Award Shares" or "Awards"). These Award Shares were registered with the Securities and Exchange Commission ("Commission") on Form S-8 filed with the Commission on August 8, 2006. This Plan shall terminate on July 15, 2016.

Award Shares may be issued to Eligible Persons (The term "Eligible Person" means any natural person who, at a particular time, is an employee, officer, director, consultant, or advisor of the Company or any Parent or Subsidiary of the Company; provided that, in the case of consultants or advisors such services are not in connection with the offer and sale of securities in a capital-raising transaction and /or such services are not intended to directly or indirectly promote or maintain a market for the Company 's securities) in any of the following instances:

(i) as a bonus for services previously rendered and compensated, in which case the recipient of the Award Shares shall not be required to pay any consideration for such Award Shares, and the value of such Award Shares shall be the Fair Market Value of such Award Shares on the date of grant; or

(ii) as compensation for the previous performance or future performance of services or attainment of goals, in which case the recipient of the Award Shares shall not be required to pay any consideration for such Award Shares (other than the prior performance of his services or the assumption of the obligation of future performance of services).

The Plan is currently administered by the Plan Committee, which currently consists of the entire Board of Directors of the Company, and which has sole and absolute discretion to interpret and determine the effect of all matters and questions relating to this Plan.

The Plan Committee has the full and final authority in its sole discretion, at any time and from time-to-time, subject only to the express terms, conditions and other provisions of the Articles of Incorporation of the Company and this Plan, and the specific limitations on such discretion set forth herein, to:

(i) Designate the Eligible Persons or classes of Eligible Persons eligible to receive Awards from among the Eligible Persons;

(ii) Grant Awards to such selected Eligible Persons or classes of Eligible Persons in such form and amount (subject to the terms of the Plan) as the Plan Committee shall determine;

(iii) Interpret the Plan, adopt, amend and rescind rules and regulations relating to the Plan, and make all other determinations and take all other action necessary or advisable for the implementation and administration of the Plan; and

(iv) Delegate all or a portion of its authority to one or more directors of the Company who are executive officers of the Company, subject to such restrictions and limitations (such as the aggregate number of shares of Common Stock that may be awarded) as the Plan Committee may decide to impose on such delegate directors.

As of December 31, 2007 -- 1,454,772 shares have been issued pursuant to the Plan

	Number of Shares
As of December 31, 2007:	
Granted	1,454,772*
Remaining shares available for issuance under the Plan as of September 30, 2007	45,228

*Does not include 300,000 shares which were issued erroneously and subsequently cancelled

NOTE 14. BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

On June 3, 2007 the Company adopted the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN ("the Bio Plan") which provides for the issuance of up to 1,500,000 authorized but unissued shares of Common Stock to eligible employees and consultants for services rendered ("Award Shares" or "Awards"). These Award Shares were registered with the Securities and Exchange Commission ("Commission") on Form S-8 filed with the Commission on June 5, 2007. This Bio Plan shall terminate on June 3, 2017.

Award Shares may be issued to Eligible Persons (The term "Eligible Person" means any natural person who, at a particular time, is an employee, officer, director, consultant, or advisor of the Company or any Parent or Subsidiary of the Company; provided that, in the case of consultants or advisors such services are not in connection with the offer and sale of securities in a capital-raising transaction and /or such services are not intended to directly or indirectly promote or maintain a market for the Company's securities) in any of the following instances:

(i) as a bonus for services previously rendered and compensated, in which case the recipient of the Award Shares shall not be required to pay any consideration for such Award Shares, and the value of such Award Shares shall be the Fair Market Value of such Award Shares on the date of grant; or

(ii) as compensation for the previous performance or future performance of services or attainment of goals, in which case the recipient of the Award Shares shall not be required to pay any consideration for such Award Shares (other than the prior performance of his services or the assumption of the obligation of future performance of services).

The Bio Plan is currently administered by a Plan Committee, which currently consists of the entire Board of Directors of the Company, and which has sole and absolute discretion to interpret and determine the effect of all matters and questions relating to this Bio Plan.

The Plan Committee has the full and final authority in its sole discretion, at any time and from time-to-time, subject only to the express terms, conditions and other provisions of the Articles of Incorporation of the Company and this Bio Plan, and the specific limitations on such discretion set forth herein, to:

(i) Designate the Eligible Persons or classes of Eligible Persons eligible to receive Awards from among the Eligible Persons;

(ii) Grant Awards to such selected Eligible Persons or classes of Eligible Persons in such form and amount (subject to the terms of the Plan) as the Plan Committee shall determine;

(iii) Interpret the Plan, adopt, amend and rescind rules and regulations relating to the Plan, and make all other determinations and take all other action necessary or advisable for the implementation and administration of the Plan; and

(iv) Delegate all or a portion of its authority to one or more directors of the Company who are executive officers of the Company, subject to such restrictions and limitations (such as the aggregate number of shares of Common Stock that may be awarded) as the Plan Committee may decide to impose on such delegate directors.

As of December 31, 2007, 1,389,787 shares have been issued pursuant to the Plan

	Number of Shares
As of December 31, 2007:	
Granted	1,389,787
Remaining shares available for issuance under the Plan as of September 30, 2007	110,213

NOTE 15. SUBSEQUENT EVENTS

On January 8, 2008, the Company sold \$18,400 face value convertible debenture (“Convertible Debenture”) for an aggregate purchase price of \$18,400 to one purchaser.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 12% per annum, payable on the maturity Date, which is December 28, 2009.

At any time subsequent to the expiration of a six month period since either of:

- (i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of our common stock by certain selling shareholders (the "Selling Shareholders Registration Statement") has been declared effective by the SEC or
- (ii) the Selling Shareholder Registration Statement has been withdrawn by us.

The holder may convert the Convertible Debenture, in whole but not in part, into our common shares at the conversion rate of \$0.15 per Share ("Conversion Shares").

Subsequent to any conversion, the holder shall have the right, upon written demand to us ("Registration Demand"), to cause us, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission ("SEC") a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to us in the event the registration Statement is not declared effective by the SEC.

On January 8, 2007 the Company issued 110,000 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

On January 8, 2007 the Company issued 24,800 common shares to consultants pursuant to the TASC0 HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

On January 12, 2008, the Company sold \$200,000 face value convertible debenture ("Convertible Debenture") for an aggregate purchase price of \$200,000 to one purchaser.

Interest on the Convertible Debenture shall accrue at a rate of 14% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 14% per annum, payable on the maturity Date, which is January 12, 2010

At any time subsequent to the expiration of a six month period since either of:

- (i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of our common stock by certain selling shareholders (the "Selling Shareholders Registration Statement") has been declared effective by the SEC or
- (ii) the Selling Shareholder Registration Statement has been withdrawn by us.

The holder may convert the Convertible Debenture, in whole but not in part, into our common shares at the conversion rate of \$0.25 per Share ("Conversion Shares").

Subsequent to any conversion, the holder shall have the right, upon written demand to us ("Registration Demand"), to cause us, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission ("SEC") a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to us in the event the registration Statement is not declared effective by the SEC.

On January 12, 2008, the Company sold \$100,000 face value convertible debenture ("Convertible Debenture") for an aggregate purchase price of \$100,000 to one purchaser.

Interest on the Convertible Debenture shall accrue at a rate of 14% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 14% per annum, payable on the maturity Date, which is January 12, 2010

At any time subsequent to the expiration of a six month period since either of:

- (i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of our common stock by certain selling shareholders (the "Selling Shareholders Registration Statement") has been declared effective by the SEC or
- (ii) the Selling Shareholder Registration Statement has been withdrawn by us.

The holder may convert the Convertible Debenture, in whole but not in part, into our common shares at the conversion rate of \$0.25 per Share ("Conversion Shares").

Subsequent to any conversion, the holder shall have the right, upon written demand to us ("Registration Demand"), to cause us, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission ("SEC") a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to us in the event the registration Statement is not declared effective by the SEC.

The Company shall agree to the granting of a Lien to the Holder against collateral which the Company owns or intends to purchase, namely:

Flow Cytometer (4 Color) (BD Facscanto)
Laboratory computer system/also for enrollments/storage tracking
Hematology Analyzer (celldyne 1800)(ABBOTT)
Laminar Flow Hood 4 ft (Clean hood) (2)
Bench top centrifuges (2) refrigerated
Small equipment (lab set-up)

Microscope
Tube heat sealers (2 ea)
Barcode printer and labeling device

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

CERTAIN FORWARD-LOOKING INFORMATION

Information provided in this Quarterly report on Form 10QSB may contain forward-looking statements within the meaning of Section 21E or Securities Exchange Act of 1934 that are not historical facts and information. These statements represent the Company's expectations or beliefs, including, but not limited to, statements concerning future and operating results, statements concerning industry performance, the Company's operations, economic performance, financial conditions, margins and growth in sales of the Company's products, capital expenditures, financing needs, as well assumptions related to the forgoing. For this purpose, any statements contained in this Quarterly Report that are not statement of historical fact may be deemed to be forward-looking statements. These forward-looking statements are based on current expectations and involve various risks and uncertainties that could cause actual results and outcomes for future periods to differ materially from any forward-looking statement or views expressed herein. The Company's financial performance and the forward-looking statements contained herein are further qualified by other risks including those set forth from time to time in the documents filed by the Company with the Securities and Exchange Commission, including the Company's most recent Form 10KSB for the year ended September 30, 2007. All references to "We", "Us", "Company" or the "Company" refer to Bio-Matrix Scientific Group, Inc.

CONDITION AND RESULTS OF OPERATIONS THREE MONTHS ENDED JUNE 30, 2007

Revenues were -0- for the quarter ending December 31 2007 and -0- for the same quarter ending December 31, 2006. Net losses were \$405,812 for the three months ended December 31, 2007 and \$466,179 for the same period ended December 31, 2006.

PLAN OF OPERATION

17

As of December 31, 2007 the Company has \$1,076 cash on hand and current liabilities of \$311, 315 such liabilities consisting of Accounts Payable, Notes Payable, Bank Overdraft, Accrued Payroll Taxes, and Accrued Interest and other Accrued Expenses.

The Company feels it will not be able to satisfy its cash requirements over the next twelve months and shall be required to seek additional financing.

At this time, the Company plans to fund its financial needs through operating revenues (which cannot be assured) and, if required, through equity private placements of common stock. (No plans, terms, offers or candidates have yet been established and there can be no assurance that the company will be able to raise funds on terms favorable to the Company or at all.)

On November 14, 2007 the Company sold a \$50,000 face value convertible debenture (“Convertible Debenture”) for an aggregate purchase price of \$50,000 to one purchaser.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 12% per annum, payable on the maturity Date, which is November 14, 2009.

At any time subsequent to the expiration of a six month period since either of:

- (i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of the common stock of the Company by certain selling shareholders (the “Selling Shareholders Registration Statement”) has been declared effective by the SEC or
- (ii) the Selling Shareholder Registration Statement has been withdrawn by the Company,

the holder may convert the Convertible Debenture, in whole but not in part, into the Company’s common shares at the conversion rate of \$0.15 per Share.

Subsequent to any conversion, the holder shall have the right, upon written demand to Company (“Registration Demand”), to cause Company, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission (“SEC”) a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to the Company in the event the registration Statement is not declared effective by the SEC.

On November 30, 2007, the Company sold \$75,000 face value convertible debenture (“Convertible Debenture”) for an aggregate purchase price of \$75,000 to one purchaser.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 12% per annum, payable on the maturity Date, which is November 14, 2009.

At any time subsequent to the expiration of a six month period since either of:

- (i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of the Company’s common stock by certain selling shareholders (the “Selling Shareholders Registration Statement”) has been declared effective by the SEC or
- (ii) the Selling Shareholder Registration Statement has been withdrawn by us.

The holder may convert the Convertible Debenture, in whole but not in part, into the Company's common shares at the conversion rate of \$0.15 per Share ("Conversion Shares").

Subsequent to any conversion, the holder shall have the right, upon written demand to us ("Registration Demand"), to cause the Company, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission ("SEC") a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to us in the event the registration Statement is not declared effective by the SEC.

On January 8, 2008, the Company sold \$18,400 face value convertible debenture ("Convertible Debenture") for an aggregate purchase price of \$18,400 to one purchaser.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 12% per annum, payable on the maturity Date, which is December 28, 2009.

At any time subsequent to the expiration of a six month period since either of:

(i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of our common stock by certain selling shareholders (the "Selling Shareholders Registration Statement") has been declared effective by the SEC or

(ii) the Selling Shareholder Registration Statement has been withdrawn by us.

The holder may convert the Convertible Debenture, in whole but not in part, into our common shares at the conversion rate of \$0.15 per Share ("Conversion Shares").

Subsequent to any conversion, the holder shall have the right, upon written demand to us ("Registration Demand"), to cause us, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission ("SEC") a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to us in the event the registration Statement is not declared effective by the SEC.

On January 12, 2008, the Company sold \$200,000 face value convertible debenture ("Convertible Debenture") for an aggregate purchase price of \$200,000 to one purchaser.

Interest on the Convertible Debenture shall accrue at a rate of 14% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 14% per annum, payable on the maturity Date, which is January 12, 2010

At any time subsequent to the expiration of a six month period since either of:

- (i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of our common stock by certain selling shareholders (the "Selling Shareholders Registration Statement") has been declared effective by the SEC or
- (ii) the Selling Shareholder Registration Statement has been withdrawn by us.

The holder may convert the Convertible Debenture, in whole but not in part, into our common shares at the conversion rate of \$0.25 per Share ("Conversion Shares").

Subsequent to any conversion, the holder shall have the right, upon written demand to us ("Registration Demand"), to cause us, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission ("SEC") a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to us in the event the registration Statement is not declared effective by the SEC.

The Company shall agree to the granting of a Lien to the Holder against collateral which the Company owns or intends to purchase, namely:

Flow Cytometer (4 Color) (BD Facscanto)
Laboratory computer system/also for enrollments/storage tracking
Hematology Analyzer (celldyne 1800)(ABBOTT)
Laminar Flow Hood 4 ft (Clean hood) (2)
Bench top centrifuges (2) refrigerated
Small equipment (lab set-up)
Microscope
Tube heat sealers (2 ea)
Barcode printer and labeling device

Over the next 12 months and if the Company is successful in obtaining necessary licenses (as described below), the Company anticipates opening its stem cell bank and marketing its disposable stem cell / tissue management instruments.

On November 1, 2007, the Company was granted a Biologics license ("License") from the Department of Health Services of the State of California. This License permits the Company's current facility to accept and store cord blood (Stem Cells), whole blood, and various blood related specimens for cryogenic short and long term storage and on November 13, 2007, the Company entered into an agreement with Dr. Joao L. Ascensao, M.D., Ph.D., F.A.C.P. whereby Dr. Ascensao, as an independent contractor and not as an employee, has agreed to act as the Company's Medical Director.

On February 13, 2008, the Company became registered with the US Food and Drug Administration ("FDA") under the Public Health Service Act to satisfy the regulatory requirements involving the storage of stem cells and other tissue.

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These regulatory requirements apply to all establishments engaged in the recovery, processing, storage, labeling, packaging, or distribution of any Human Cells, Tissues, and Cellular and Tissue-Based Products (HCT/Ps) or the screening or testing of a cell or tissue donor.

The Company is currently endeavoring to obtain a Tissue Bank License to be granted by Department of Health Services of the State of California.

Over the next twelve months and if the Company is successful in obtaining the necessary additional financing and obtaining equipment and necessary additional professional staff, the Company anticipates purchasing the following significant laboratory equipment:

Equipment	Estimated Cost
Sepax Cell Separation Device	\$ 50,000.00
Blood processing equipment	\$ 80,000.00
Bar code labeling equipment	\$ 3,000.00
Tube heat sealers (2 ea)	\$ 4,000.00
Bench top centrifuges (2) refrigerated	\$ 12,000.00
Cell Therapy Software	\$ 30,000.00
Cryo Tracking Software	\$ 28,000.00
Cryo Tracking Equipment	\$ 45,000.00
BacTec Microbiology equipment	\$ 20,000.00
Small equipment (lab set-up)	\$ 10,000.00
CO2 Incubator	\$ 4,000.00
Supplies/reagents*	\$ 100,000.00
Total	\$ 386,000.00

* to be reordered on an annual basis

In the event that we are successful in obtaining the amount of the additional financing that we require on acceptable terms, we currently anticipate that we will need to add the following additional employees during the twelve month period thereafter:

Title	Estimated Annual Compensation
Director of Labs	\$ 120,000
Director of Quality & Assurance	\$ 75,000
Adm. Director	\$ 75,000
Dir. Of Engineering / Production	\$ 85,000
Lab Tech	\$ 65,000
Lab Tech	\$ 65,000
Customer Service Representative.	\$ 45,000
Director of Market & Sales	\$ 100,000
Facility Manager / Receiving & Shipping	\$ 60,000
Support Staff	\$ 50,000
Total	\$ 740,000

The Company cannot assure that it will be successful in obtaining additional financing necessary to implement its business plan. The Company has not received any commitment or expression of interest from any financing source that has given it any assurance that it will obtain the amount of additional financing in the future that it currently anticipates. For these and other reasons, the Company is not able to assure that it will obtain any additional financing or, if it is successful, that it can obtain any such financing on terms that may be reasonable in light of its current circumstances.

Item 3. CONTROLS AND PROCEDURES

(A) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of David Koos, who is the Company's Principal Executive Officer/Principal Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of achieving the Company's disclosure control objectives. The Company's Principal Executive Officer/Principal Financial Officer has concluded that the Company's disclosure controls and procedures are, in fact, effective at this reasonable assurance level as of the period covered.

(B) Changes in Internal Controls over Financial Reporting

In connection with the evaluation of the Company's internal controls during the period commencing on April 1, 2007 and ending June 30, 2007, David Koos, who is both the Company's Principal Executive Officer and Principal Financial Officer has determined that there were no changes to the Company's internal controls over financial reporting that have been materially effected, or is reasonably likely to materially effect, the Company's internal controls over financial reporting.

PART II.

Item 1: LEGAL PROCEEDINGS

None

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On June 13, 2006, the Company deposited 10,000,000 newly issued common shares into Escrow pursuant to a stock purchase agreement (“Agreement”) by and between the Company and Bio-Matrix Scientific Group, Inc (“Seller”), a Delaware corporation.

20

Under the terms of the Agreement, the Company acquired all of the outstanding common stock of BMSG (at that time a wholly-owned subsidiary of the Seller) and the aforementioned 10,000,000 newly issued common shares were released to the Seller from Escrow at the closing of the acquisition (July 3, 2006).

The shares were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended. No underwriters were retained to serve as placement agents. The shares were offered directly through the management of the Company, and the consideration for the shares was 100% of the share capital of BMSG.

On July 17, 2006 the Company signed a public relations agreement with OTCFN ("PR Agreement") which called for the issuance of an option agreement for 200,000 options exercisable at \$4.50 per share ("OTCFN Options"). These options expired unexercised six months from the date of execution of the agreement.

The OTCFN Options were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended. No underwriters were retained to serve as placement agents. The OTCFN Options were offered directly through the management of the Company.

Consideration for the OTCFN OPTIONS was OTCFN's entry into the PR Agreement and the performance of services by OTCFN pursuant to that PR Agreement.

On October 12, 2006, the Company issued 1,462,570 common shares of the Company to BMXP in full satisfaction of the amount of \$1,191,619 plus accrued and unpaid interest, owed to BMXP Holdings, Inc. by the Company.

The shares were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended. No underwriters were retained to serve as placement agents. The shares were offered directly through the management of the Company, and the consideration for the shares was full satisfaction of the amount of \$1,191,619 plus accrued and unpaid interest, owed to BMXP Holdings, Inc. by the Company.

On December 5, 2006 the Company issued 1,391,935 shares of common stock to Bio-Technology Partners Business Trust which constituted full satisfaction of the amount of \$246,744 plus accrued interest owed by the Company to Bio-Technology Partners Business Trust.

The shares were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended. No underwriters were retained to serve as placement agents. The shares were offered directly through the management of the Company, and the consideration for the shares was full satisfaction of the amount \$246,744 plus accrued interest owed by the Company to Bio-Technology Partners Business Trust.

On March 9, 2007 the Company issued 500,000 shares of common stock to Bio-Technology Partners Business Trust which constituted full satisfaction of the amount of \$125,000 owed by the Company to Bio-Technology Partners Business Trust. The shares were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended.

The shares were offered directly through the management. No underwriters were retained to serve as placement agents. No commission or other consideration was paid in connection with the sale of the shares. There was no advertisement or general solicitation made in connection with this Offer and Sale of shares.

A legend was placed on the certificate that evidences the shares of Common Stock stating that the shares of Common Stock have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the shares of Common Stock.

During the period beginning January 1, 2007 and ending April 4, 2007, the Company sold 1,752,867 restricted shares (the "Shares") of common stock, at a purchase price of \$0.25 per share.

740,666 of the Shares were sold for cash consideration of \$185,166 to five purchasers. The net proceeds of the sale of shares sold for cash consideration, which were \$185,166, will be utilized for general working capital purposes.

27,033 of the Shares were issued to two purchasers as consideration for services rendered valued at \$6,758.

985,168 of the Shares were issued to Bombardier Pacific Ventures in full satisfaction of \$246,292 owed by the Company to Bombardier Pacific Ventures on April 4, 2007. David R. Koos, the Company's Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures.

No underwriters were retained to serve as placement agents for the sale. The Shares were sold directly through the management of the Company. No commission or other consideration was paid in connection with the sale of the Shares. There was no advertisement or general solicitation made in connection with this offer and sale of shares.

The offer and sale of the Shares was exempt from the registration provisions of the Securities Act of 1933, as amended, by reason of Section 4(2) thereof. Each of the purchasers warranted and represented that they were "Accredited Investors" as that term is used in Rule 144(a)(1) of the Securities Act of 1933 and each gave further representations that they were experienced and sophisticated in making financial, business, and investment decisions and thereby able to "fend for themselves." Further, each received an opportunity to ask questions of the Company's management regarding the Company, its affairs, condition, and prospects and to receive answers to all such questions. Finally, each received a copy of the Company's business plan, the risks and merits of investing in the Company, together with copies of the Company's financial statements so as to allow each of them to make an informed investment decision.

On June 21, 2007, 331,597 shares of the Company's common stock were issued to Venture Bridge Advisors in full satisfaction of \$82,900 owed by the Company to Venture Bridge Advisors. The shares were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended.

The shares were offered directly through the management. No underwriters were retained to serve as placement agents. No commission or other consideration was paid in connection with the sale of the shares. There was no advertisement or general solicitation made in connection with this Offer and Sale of shares.

A legend was placed on the certificate that evidences the shares of Common Stock stating that the shares of Common Stock have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the shares of Common Stock.

On July 30, 2007, the Company issued 566,217 common shares to Bombardier Pacific Ventures in satisfaction of the principal amount of \$141,554 owed by us to Bombardier Pacific Ventures. David R. Koos, the Company's Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures. The offer and sale of the shares was exempt from the registration provisions of the Securities Act of 1933, as amended, by reason of Section 4(2) thereof.

The shares were offered directly through the management. No underwriters were retained to serve as placement agents. No commission or other consideration was paid in connection with the sale of the shares. There was no advertisement or general solicitation made in connection with this Offer and Sale of shares.

A legend was placed on the certificate that evidences the shares of Common Stock stating that the shares of Common Stock have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the shares of Common Stock.

On July 31, 2007, the Company issued 760,000 common shares for cash consideration of \$190,000. The net proceeds of that sale, which were \$190,000, will be utilized for general working capital purposes. No underwriters were retained to serve as placement agents for the sale. These shares were sold directly through our management. No commission or other consideration was paid in connection with the sale of these shares. There was no advertisement or general solicitation made in connection with this offer and sale of shares. The offer and sale of these shares was exempt from the registration provisions of the Securities Act by reason of Section 4(2) thereof and Rule 506 of Regulation D thereunder. Management made its determination of the availability of such exemption based upon the facts and circumstances surrounding the offer and sale of these shares, including the representations and warranties made by the purchasers and the fact that restrictive legends were placed on, and stop transfer orders placed against, the certificates for these shares.

On August 6, 2007, the Company issued 620,000 common shares to consultants as consideration for services rendered. The offer and sale of the shares was exempt from the registration provisions of the Securities Act of 1933, as amended, by reason of Section 4(2) thereof.

The shares were offered directly through the management. No underwriters were retained to serve as placement agents. No commission or other consideration was paid in connection with the sale of the shares. There was no advertisement or general solicitation made in connection with this Offer and Sale of shares.

A legend was placed on the certificate that evidences the shares of Common Stock stating that the shares of Common Stock have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the shares of Common Stock.

On August 6, 2007, the Company issued 440,000 common shares for cash consideration of \$110,000. The net proceeds of that sale, which were \$110,000, will be utilized for general working capital purposes. No underwriters were retained to serve as placement agents for the sale. These shares were sold directly through our management. No commission or other consideration was paid in connection with the sale of these shares. There was no advertisement or general solicitation made in connection with this offer and sale of shares. The offer and sale of these shares was exempt from the registration provisions of the Securities Act by reason of Section 4(2) thereof and Rule 506 of Regulation D thereunder. Management made its determination of the availability of such exemption based upon the facts and circumstances surrounding the offer and sale of these shares, including the representations and warranties made by the purchasers and the fact that restrictive legends were placed on, and stop transfer orders placed against, the certificates for these shares.

On November 14, 2007 the Company sold \$50,000 face value convertible debenture ("Convertible Debenture") for an aggregate purchase price of \$50,000 to one purchaser, who is accredited investor as "accredited investor" is defined in

Rule 501 of Regulation D, promulgated under the Securities Act of 1933, as amended, and who also has for two years had a substantive, pre-existing relationship with the Company.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 12% per annum, payable on the maturity Date, which is November 14, 2009.

At any time subsequent to the expiration of a six month period since either of:

- (i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of the common stock of the Company by certain selling shareholders (the "Selling Shareholders Registration Statement") has been declared effective by the SEC or
- (ii) the Selling Shareholder Registration Statement has been withdrawn by the Company.

The holder may convert the Convertible Debenture, in whole but not in part, into the Company's common shares at the conversion rate of \$0.15 per Share.

Subsequent to any conversion, the holder shall have the right, upon written demand to Company (“Registration Demand”), to cause Company, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission (“SEC”) a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to the Company in the event the registration Statement is not declared effective by the SEC.

The net proceeds, which are \$50,000, will be utilized general working capital purposes. No underwriters were retained to serve as placement agents for the sale. This Convertible Debenture was sold directly through our management. No commission or other consideration was paid in connection with the sale of the Convertible Debenture. There was no advertisement or general solicitation made in connection with this offer and sale of the Convertible Debenture. The offer and sale of the Convertible Debenture was exempt from the registration provisions of the Securities Act by reason of Section 4(2) thereof. Management made its determination of the availability of such exemption based upon the facts and circumstances surrounding the offer and sale of the Convertible Debenture, including the representations and warranties made by the purchaser and the fact that a restrictive legend was placed on the Convertible Debenture and restrictive legends will be placed on, and stop transfer orders placed against, the certificates for any shares into which the Convertible debenture may convert.

On November 30, 2007, the Company sold \$75,000 face value convertible debenture (“Convertible Debenture”) for an aggregate purchase price of \$75,000 to one purchaser who is accredited investor as “accredited investor” is defined in Rule 501 of Regulation D, promulgated under the Securities Act of 1933, as amended, and who also has for two years had a substantive, pre-existing relationship with the Company.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 12% per annum, payable on the maturity Date, which is November 30, 2009.

At any time subsequent to the expiration of a six month period since either of:

- (i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of the Company’s common stock by certain selling shareholders (the “Selling Shareholders Registration Statement”) has been declared effective by the SEC or
- (ii) the Selling Shareholder Registration Statement has been withdrawn by us.

The holder may convert the Convertible Debenture, in whole but not in part, into the Company’s common shares at the conversion rate of \$0.15 per Share (“Conversion Shares”).

Subsequent to any conversion, the holder shall have the right, upon written demand to us (“Registration Demand”), to cause the Company, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission (“SEC”) a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to us in the event the registration Statement is not declared effective by the SEC.

The net proceeds, which are \$75,000, will be utilized general working capital purposes. No underwriters were retained to serve as placement agents for the sale. This Convertible Debenture was sold directly through our management. No commission or other consideration was paid in connection with the sale of the Convertible Debenture. There was no advertisement or general solicitation made in connection with this offer and sale of the Convertible Debenture. The

offer and sale of the Convertible Debenture was exempt from the registration provisions of the Securities Act by reason of Section 4(2) thereof. Management made its determination of the availability of such exemption based upon the facts and circumstances surrounding the offer and sale of the Convertible Debenture, including the representations and warranties made by the purchaser and the fact that a restrictive legend was placed on the Convertible Debenture and restrictive legends will be placed on, and stop transfer orders placed against, the certificates for any shares into which the Convertible debenture may convert.

On January 8, 2008, the Company sold \$18,400 face value convertible debenture (“Convertible Debenture”) for an aggregate purchase price of \$18,400 to one purchaser who is accredited investor as “accredited investor” is defined in Rule 501 of Regulation D, promulgated under the Securities Act of 1933, as amended. and who also has had a substantive, pre-existing relationship with the Company.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 12% per annum, payable on the maturity Date, which is December 28, 2009.

At any time subsequent to the expiration of a six month period since either of:

- (i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of our common stock by certain selling shareholders (the “Selling Shareholders Registration Statement”) has been declared effective by the SEC or
- (ii) the Selling Shareholder Registration Statement has been withdrawn by us.

The holder may convert the Convertible Debenture, in whole but not in part, into our common shares at the conversion rate of \$0.15 per Share (“Conversion Shares”).

Subsequent to any conversion, the holder shall have the right, upon written demand to us (“Registration Demand”), to cause us, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission (“SEC”) a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to us in the event the registration Statement is not declared effective by the SEC.

The net proceeds, which are \$18,400, will be utilized general working capital purposes. No underwriters were retained to serve as placement agents for the sale. This Convertible Debenture was sold directly through our management. No commission or other consideration was paid in connection with the sale of the Convertible Debenture. There was no advertisement or general solicitation made in connection with this offer and sale of the Convertible Debenture. The offer and sale of the Convertible Debenture was exempt from the registration provisions of the Securities Act by reason of Section 4(2) thereof. Management made its determination of the availability of such exemption based upon the facts and circumstances surrounding the offer and sale of the Convertible Debenture, including the representations and warranties made by the purchaser and the fact that a restrictive legend was placed on the Convertible Debenture and restrictive legends will be placed on, and stop transfer orders placed against, the certificates for any shares into which the Convertible debenture may convert.

On January 12, 2008, the Company sold \$200,000 face value convertible debenture (“Convertible Debenture”) for an aggregate purchase price of \$100,000 to one purchaser who is accredited investor as “accredited investor” is defined in Rule 501 of Regulation D, promulgated under the Securities Act of 1933, as amended, and who also has had a substantive, pre-existing relationship with the Company.

Interest on the Convertible Debenture shall accrue at a rate of 14% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 14% per annum, payable on the maturity Date, which is January 12, 2010

At any time subsequent to the expiration of a six month period since either of:

- (i) that Registration Statement, as amended, filed with the SEC on Form SB-2 relating to the sale of an aggregate of 17,195,263 shares of our common stock by certain selling shareholders (the “Selling Shareholders Registration Statement”) has been declared effective by the SEC or
- (ii) the Selling Shareholder Registration Statement has been withdrawn by us.

The holder may convert the Convertible Debenture, in whole but not in part, into our common shares at the conversion rate of \$0.25 per Share (“Conversion Shares”).

Subsequent to any conversion, the holder shall have the right, upon written demand to us (“Registration Demand”), to cause us, within ninety days of the Registration Demand, to prepare and file with the United States securities and Exchange Commission (“SEC”) a Registration Statement in order that the Conversion Shares may be registered under the Securities Act of 1933, as amended, and use its reasonable best efforts to cause that Registration Statement to be declared effective by the SEC. There is no penalty to us in the event the registration Statement is not declared effective by the SEC.

The Company shall agree to the granting of a Lien to the Holder against collateral which the Company owns or intends to purchase, namely:

Flow Cytometer (4 Color) (BD Facscanto)
Laboratory computer system/also for enrollments/storage tracking
Hematology Analyzer (celldyne 1800)(ABBOTT)
Laminar Flow Hood 4 ft (Clean hood) (2)
Bench top centrifuges (2) refrigerated
Small equipment (lab set-up)
Microscope

Tube heat sealers (2 ea)

Barcode printer and labeling device

The net proceeds, which are \$200,000, will be utilized general working capital purposes. No underwriters were retained to serve as placement agents for the sale. This Convertible Debenture was sold directly through our management. No commission or other consideration was paid in connection with the sale of the Convertible Debenture. There was no advertisement or general solicitation made in connection with this offer and sale of the Convertible Debenture. The offer and sale of the Convertible Debenture was exempt from the registration provisions of the Securities Act by reason of Section 4(2) thereof. Management made its determination of the availability of such exemption based upon the facts and circumstances surrounding the offer and sale of the Convertible Debenture, including the representations and warranties made by the purchaser and the fact that a restrictive legend was placed on the Convertible Debenture and restrictive legends will be placed on, and stop transfer orders placed against, the certificates for any shares into which the Convertible debenture may convert.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

- 31.1 Certification of Chief Executive Officer
- 31.2 Certification of Acting Chief Financial Officer
- 32.1 Certification of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Acting Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bio- Matrix Scientific Group, Inc.
a Delaware corporation
By: /s/ David R. Koos
David R. Koos
Chief Executive Officer
Date: February 14, 2008