

Bio-Matrix Scientific Group, Inc.

Form 10KSB

December 19, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-KSB

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

For the Year Ended September 30, 2008

File Number: 0-32201

BIO-MATRIX SCIENTIFIC GROUP, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State of jurisdiction of Incorporation)

33-0824714

(I.R.S. Employer Identification No.)

8885 REHCO RD. SAN DIEGO, CA

(Address of principal executive offices)

92121

(Zip Code)

(619) 398-3517 ext. 308

(Registrants telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

The issuer had no revenues for the year ended September 30, 2008.

Aggregate market value of the voting common stock held by non-affiliates computed by reference to the closing price at which the common stock sold on the Over-the-Counter on December 9, 2008 was \$ 5,124,019. The voting common stock held by non-affiliates on that date consisted of 19,707,764 shares of common stock.

Number of shares outstanding of each of the issuer's class of common stock as of December 09, 2008:

Common Stock: 26,102,993

Preferred Stock: 5,668,547

Series AA Preferred Stock: 4,852

THE STATEMENTS CONTAINED IN THIS REPORT ON FORM 10-KSB THAT ARE NOT HISTORICAL FACTS ARE “FORWARD-LOOKING STATEMENTS (AS THAT TERM IS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995), THAT CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING WORDS SUCH AS “BELIEVES, “EXPECTS, “MAY,” “WILL,”“SHOULD,” OR “ANTICIPATES, OR THE NEGATIVE OF THESE WORDS OR OTHER VARIATIONS OF THESE WORDS OR COMPARABLE WORDS, OR BY DISCUSSIONS OF STRATEGY THAT INVOLVE RISKS AND UNCERTAINTIES. MANAGEMENT WISHES TO CAUTION THE READER THAT THESE FORWARD-LOOKING STATEMENTS INCLUDING, BUT NOT LIMITED TO, STATEMENTS REGARDING THE PLANNED EFFORTS TO IMPLEMENT THE COMPANY’S BUSINESS PLAN, THE STATUS OF STEM CELL TECHNOLOGY, OUR PLANNED MEDICAL DEVICE PRODUCTS, AND ANY OTHER EFFORTS THAT THE COMPANY INTENDS TO TAKE IN AN ATTEMPT TO GROW THECOMPANY, ENHANCE SALES, ATTRACT & RETAIN QUALIFIED PERSONNEL, AND OTHERWISE EXPAND THE COMPANY’S BUSINESS ARE NOT HISTORICAL FACTS AND ARE ONLY PREDICTIONS. NO ASSURANCES CAN BE GIVEN THAT SUCH PREDICTIONS WILL PROVE CORRECT OR THAT THE ANTICIPATED FUTURE RESULTS WILL BE ACHIEVED. ACTUAL EVENTS OR RESULTS MAY DIFFER MATERIALLY EITHER BECAUSE ONE OR MORE PREDICTIONS PROVE TO BE ERRONEOUS OR BECAUSE OF THE CONTINUING RISKS AND UNCERTAINTIES FACING THE COMPANY. SUCH RISKS INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING: BUSINESS (OR SYSTEMATIC) RISK ASSOCIATED WITH AN EARLY STAGE COMPANY, UNSYSTEMATIC RISK, AND POLITICAL RISK. FURTHER, BECAUSE OF THE SMALL SIZE OF THE COMPANY, THE COMPANY’S LIMITED FINANCIAL AND MANAGERIAL RESOURCES AND THE CONTINUING COMPETITIVE PRESSURES AND UNCERTAINT REGULATORY ENVIRONMENT, ANY ONE OR MORE OF THESE AND OTHER RISKS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE FUTURE RESULTS INDICATED, EXPRESSED, OR IMPLIED IN SUCH FORWARD-LOOKING STATEMENTS. ALL REFERENCES TO “WE” OR “US” CONTAINED WITHIN THIS FORM 10-KSB REFER TO BIO-MATRIX SCIENTIFIC GROUP, INC.

## PART I

### ITEM 1 - DESCRIPTION OF BUSINESS

#### BUSINESS DEVELOPMENT

We were organized October 6, 1998, under the laws of the State of Delaware as Tasco International, Inc.

We are in the development stage.

From October 6, 1998 (the date of incorporation) of to October 19, 1999, we were in the business of marketing and selling hand-made jewelry and art objects on the Internet. We conducted no operations past the development stage and did not generate any revenues in this business.

From October 19, 1999 to July 3, 2006 (the date of Acquisition of BMSG) , we were in the business of providing production of visual content and other digital media, including still media, 360-degree images, video, animation and audio for the Internet.

Acquisition of Bio-Matrix Scientific group, Inc., a Nevada corporation:

On June 14, 2006, we and Bio-Matrix Scientific Group, Inc., a Delaware corporation (the “Seller”) entered into a Stock Purchase Agreement (the “Acquisition Agreement”) to acquire 100% of Bio-Matrix Scientific Group, Inc., a Nevada corporation.

Under the terms of the Acquisition Agreement and pursuant to a separate Escrow Agreement between us and the Seller, we delivered to the Escrow Agent the sum of 10,000,000 shares of our common stock and other corporate and financial records and the Seller delivered to the Escrow Agent 25,000 shares of the common stock of Bio-Matrix Scientific Group, Inc., a Nevada corporation, its wholly owned subsidiary ("BMSG"). As a part of the transaction and pursuant to the terms of the Acquisition Agreement and Stock Cancellation Agreement between the parties and John Lauring, our former Chairman and Chief Executive Officer, John Lauring returned 10,000,000 shares of the Buyer held and owned by him for cancellation.

On June 14, 2006, our former officers and directors resigned their positions and elected Dr. David R. Koos and Mr. Brian Pockett as in-coming Directors. Following their election and the reconstruction of the Board of Directors, the Buyer'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 we acquired the twenty-five thousand (25,000) shares of the Common Stock of BMSG from the Seller in exchange for the payment of the purchase price of 10,000,000 shares of our common stock and the 10,000,000 shares of our common stock owned and held by John Lauring were returned to us 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, BMSG is our wholly owned subsidiary. We abandoned our efforts in the field of digital media production when we acquired 100% of BMSG on July 3, 2006. 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. As a result of this transaction, the former stockholder BMSG held approximately 80% of our voting capital stock of the Company immediately after the transaction. For financial accounting purposes, this acquisition was a reverse acquisition of the Company by BMSG 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 BMSG, which has changed its Fiscal Year End to September 30, from December 31. As BMSG had changed its fiscal year-end from December 31 to September 30, a transition report was filed with the United States Securities and Exchange Commission for the transition period from December 31, 2005 to September 30, 2006 on Form 10KSB/A.

Through BMSG, we have developed a line of medical devices (approximately 192 disposable instruments for use in the plastic surgery field and stem cell research). The instruments are designed to be used to harvest adult stem cells from adipose (fat) tissue. We seek to market and sell these instruments to plastic surgeons and to offer the patients of these plastic surgeons an opportunity to store stem cells derived from adipose tissue for future medical treatments. We have-not conducted or obtained any independent evaluation of the efficacy or likely market interest in using these instruments. Our evaluations have been limited to those conducted by our management without the benefit of any independent or third party professional evaluation.

Through BMSG, we are currently constructing what we believe is a state-of-the art, FDA good manufacturing practices (cGMP) and good tissue practices(cGTP) compliant facility for the processing and cryo-storage (in liquid nitrogen) of adult stem cells. We anticipate that we will offer a similar service to expectant parents by offering to store their newborn's cord blood stem cells as well. In undertaking these plans, we intend to offer such storage services at our planned facility. The planned facility is located at 8885 Rehco Road, San Diego, California 92121 and has approximately 15,000 square feet. The planned facility was acquired under a five year lease on December 1, 2005 at a current cost of \$18,931 per month (plus certain common area costs). Under the terms of the lease, the lease term may be extended for an additional five year lease term at the then prevailing market prices.

All of our current plans and strategy have been developed solely by our officers and Directors

## BUSINESS OF THE ISSUER

### PRINCIPAL PRODUCTS AND SERVICES

We are engaged primarily in:

- (a) The cryogenic storage of stem cells and
- (b) The development of medical devices used in live tissue transfer and stem cell research. Live tissue transfer is the process of harvesting, treating, and re-injecting tissue without damaging precious living cells, potentially increasing the chance of tissue surviving once transplanted to a donor site.

#### Stem Cell Bank

We are currently constructing what we believe to be a state-of-the art, FDA good manufacturing practices (cGMP) and good tissue practices (cGTP) compliant facility for the processing and cryo-storage (in liquid nitrogen) of adult stem cells. We anticipate that we will offer a similar service to expectant parents by offering to store their newborn's cord blood stem cells as well. In undertaking these plans, we intend to offer such storage services at our planned facility. This facility is located at 8885 Rehco Road, San Diego, California 92121 and has approximately 15,000 square feet. The planned facility was acquired by our operating subsidiary under a five year lease on December 1, 2005 at a current cost of \$18,931 per month (plus certain common area costs). Under the terms of the lease, the lease term may be extended for an additional five year lease term at the then prevailing market prices. On November 1, 2007, we were granted a Biologics license ("License") from the Department of Health Services of the State of California. This License permits our 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, we 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 our Medical Director.

#### Medical devices

Through BMSG, we have developed a line of medical devices consisting of approximately 192 disposable instruments for use in the plastic surgery field and stem cell research. We seek to market and sell these instruments to plastic surgeons and to offer the patients of these plastic surgeons an opportunity to store stem cells derived from adipose tissue for future medical treatments.

BMSG has filed six provisional patent applications, one utility patent application and one international patent application. These are as follows:

- A. Cannula - This provisional patent application was filed based on BMSG's intellectual property and designs relating to tubular instruments used in stem cell harvesting and tissue transfers.
- B. Tissue Transfer Cannula and Connectors - This provisional patent application was filed based on BMSG's intellectual property relating to tubular instrument connectors used in conjunction with cannulae designed specifically for stem cell harvesting and tissue transfer procedures. These tissue transfer connectors will allow the transfer of tissue from a 20cc to a 3cc or 6cc or 12cc syringe for harvesting or tissue transfer procedures.
- C. Syringe Clip - This provisional patent application was filed based on BMSG's intellectual property relating to a locking device used with syringes which are connected to smaller size cannulae in stem cell harvesting and tissue transfer procedures. This syringe clip is designed to hold and lock the plunger on the Monoject 3cc, 6cc, 12cc, and

20cc syringes. By locking the plunger in place it protects the harvested cells until processing.

D. Syringe Clip - This provisional patent application was filed based on BMSG's intellectual property relating to a locking device used with syringes which are connected to larger sized cannulae in stem cell harvesting and tissue transfer procedures. This syringe clip is designed to hold and lock the plunger on the Monoject 60cc syringe by locking the plunger it protects the harvested cell until processing.

E. Tissue Transfer Cannula and Connectors - This provisional patent application was filed based on BMSG's intellectual property relating to the tubular instrumentation system used in stem cell harvesting and tissue transfer procedures. This transfer system is used to transfer human tissue from a 60cc syringe to a 35cc or 20cc syringe for tissue transfer.

F. Cannula Handle and Storage System - This provisional patent application was filed back on BMSG's intellectual property relating to a locking device used with syringes which are connected to cannulae in stem cell harvesting and tissue transfer procedures. This cannula handle will reduce hand and arm fatigue. The handle will allow a proper flow of tissue through the cannula using an aspirator or a pull syringe.

G. Tissue Transfer Cannula and Connectors - This utility patent application was filed based on BMSG's previously filed provisional patent application relating to the aforementioned intellectual property pertaining to tubular instruments locking device used with syringes which are connected to cannulae in stem cell harvesting and tissue transfer procedures.

H. Tissue Transfer Cannula and Connectors - This international utility patent application was filed in conjunction with the utility patent application mentioned in Item G.

#### Veterinary Division

Since many of the medical devices we have developed can easily be used in veterinary applications, we plan to pursue opportunities in this field. Although the plans for this field are still evolving, initially we expect to only be involved in the cryogenic storage of animal stem cells. The veterinary specimens would be totally isolated from human specimens throughout the facility and stored in an entirely separate area and cryogenic storage container. The veterinary division would market and sell its services through other companies already serving the veterinary market.

#### DISTRIBUTION METHODS OF PRODUCTS AND SERVICES

We intend to market and sell our planned services to medical professionals and other companies that offer potential for commercial synergies. Our Subsidiary has entered into an agreement with Cord Blood America, Inc. (CBAI), whereby CBAI will market to potential clients our subsidiary's services of adipose stem cell banking using the Subsidiary's planned stem cell bank facility. Under this agreement, the Subsidiary has agreed to contract with Cord Blood America Inc. to marketing adult stem cell banking to its clients. This contract involves a sharing of fees charged on a 60 / 40 basis, with 60% of the fees going to us and 40% going to Cord Blood America.

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Our marketing plan is fairly simple and our target market includes three segments: plastic surgeons, hospitals and medical schools. We intend to reach these three target markets through advertising and promotional efforts at medical related trade shows/conventions, online websites, trade publications and independent medical marketing entities. We have not yet commenced any marketing efforts to reach these targeted segments and we have not yet prepared a marketing budget. We are aware, however, that our current financial resources may limit our ability to fully promote the products and services that we plan to offer and we anticipate that we will need to develop and refine our marketing plans further before commencing these efforts.

The primary products and services we intend to offer are: (A) our medical devices (consisting of over 192 disposable instruments used in stem cell procedures /tissue transfer procedures) and (B) the services to be provided by our planned stem cell bank.

#### Adipose Derived Stem Cell Banking

We have entered into an agreement with Cord Blood America Inc. (OTCBB: CBAI) to market the collection of adipose (fat) derived stem cells to plastic and cosmetic surgeons. It is anticipated upon roll-out, this relationship may offer us the opportunity to utilize as many as 28 independent out-side sales representatives already in the field. If these efforts are successful, we plan to initiate a new web-site that can take orders, provide information, and respond to questions from potential customers. We have not yet completed work on the design of this planned web site, but we anticipate that the design and development of the web site will require careful planning and careful coordination with Cord Blood America to ensure that our marketing plans can be implemented on a consistent basis.

Collection of adipose (fat) tissue from which stem cells may be harvested, must be done by a physician skilled in using a Stem Cell Collection Kit. While many physicians have experience in handling adipose (fat) tissue as a part of their practice as a plastic surgeon, we will need to assist and develop their understanding and preference for the use of our kit, instruments, and our stem cell storage services, if we are obtain a sufficient market interest in our planned products and services.

After the stem cells are collected, they are prepared for cryo-preservation and storage. In order to successfully harvest stem cells intended for cryo-preservation and storage, the instruments used must be clean and free of any contaminants. To ensure that the collection process meets these requirements and to prevent difficulties that may arise in cryo-preservation and storage, we intend to provide each surgeon who undertakes to collect the stem cells, with our Stem Cell Collection Kit after the patient has entered into an agreement with us to store their stem cells with us.

We anticipate that the marketing of our planned products and services will require that we complete several steps. First, we plan to introduce our Stem Cell Collection Kits to certain key physicians so as to allow them to become familiar with our kit, the instrumentation, and our line of products. Second, we anticipate that we will need to expend significant efforts to develop physician acceptance of our kit and instruments. Third, we will need to hire and train skilled marketing personnel to develop relationships with physicians that will serve to encourage physicians to use and recommend our services to their patients. We have not, as of this date, made any estimate for the amount of funds that will be needed to complete these marketing efforts or the anticipated time frame that will be required to implement these steps.

#### Stem Cell / Tissue Transfer Instrumentation

If we implement successfully the steps outlined above, we will look to develop loyalty among physicians who use our Stem Cell Collection Kit and attempt to convert them to use our complete instrumentation product line. We intend, as opportunities and our financial resources allow, to rely upon the 28 out-side CBAI sales representatives already in the field to show our complete product line (consisting of over 192 disposable instruments) to other physicians, hospitals, outpatient surgery centers, and plastic surgery centers. This strategy may allow us many advantages to showcase our

instruments for other procedures where there is a heightened concern for the risks of cross-contamination and the need for greater predictability in tissue manipulation. We also believe that our instruments may offer greater ease of use and clean up. These features may serve to make our instruments more attractive to physicians as it allows them and their staff to be more productive. We also believe that our disposable instruments may allow the medical service provider (such as a physician, hospital, or surgery center) an opportunity to directly charge the patient for instrumentation. This may offer an additional financial incentive to encourage physician usage and loyalty in using our instruments.

In addition to our planned website and direct marketing plans, we plan to attend trade shows and conventions to further introduce and promote our planned products and services. These trade shows and conventions will likely include meetings and conventions sponsored by such groups as the American Society of Plastic Surgeons Conventions, Orthopedic Surgery, and the AAPS Annual Meeting. These efforts will be primarily focused on introducing, establishing, building, and fostering relationships with the targeted segments of physicians, hospitals, surgery centers, plastic surgery centers, and other providers of medical services. These relationships will likely become critically important to us if we are to develop a sufficient and sustainable revenue base for our company from the sale of our planned products and services.

We anticipate that if we are successful in introducing and developing loyalty for our planned products and services, we will need to expend significant financial resources ranging from \$1,750,000 to \$2,000,000 or more for advertising and marketing expenditures over a period of at least nine months to one year or longer. There are many variables and factors that may impact the time frame and the amount of expenditures that we will need to make to introduce and develop loyalty with our targeted segments. We may need to adjust our plans and devote a larger amount of funds to these efforts over a longer period of time if we are not able to generate a sufficient volume of product acceptance and repeat sales that will allow us to achieve these objectives. In the event that we are successful in achieving these objectives, we anticipate that it may take an additional eighteen to twenty four months or longer before we may be able to achieve profitability and positive cash flow, if at all. As we assess the cost to enter a new business, with all of the uncertainties and risks associated with the offering of new products and services, while also developing, testing, and implementing marketing plans for the offering of products and services that are new, we are aware that we may be facing an ever-changing competitive environment from other larger and well-established competitors that may force us to examine and revise our marketing plans.

#### STATUS OF ANY PUBLICLY ANNOUNCED NEW PRODUCT OR SERVICE

##### Stem Cell Bank

In August, 2005, BMSG signed a lease on a 14,562 sq. ft. facility. This facility, formerly occupied by the American Red Cross blood testing laboratories provides a significant infrastructure for the rapid establishment of Bio-Matrix's core stem cell business. This facility will house state-of-the-art stem cell processing and storage laboratories

The cryogenic storage laboratories, comprising 1050 sq. ft. have been completed. A central external liquid nitrogen supply system is also now in place at the facility. In addition, the first of eight liquid nitrogen stem cell storage tanks have been installed and is undergoing testing and validation.

Adipose and cellular processing will be performed in Class 100 environments in our 400 sq. ft. Class 10,000 Modular Laboratory which was completed in October 2006. Cord blood processing will be done in Class 100 environments in Class 100,000 Laboratory. The facility also has an area for viability testing, preparatory, receiving, quarantine/chemical storage, flow cytometry and microbiology.

To date, we have completed the following:

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January 2006 - Installation and inspection of 2000 liter Perma-Cyl nitrogen tank complete.

February 2006 - Installation and testing of vacuum jacketed liquid nitrogen piping system complete.

February 2006 - California Medical Waste Management Plan is completed and accepted by the state of California.

March 2006 - Installation and validation of computer lock down system and air control monitors at Sorrento Mesa facility thus completing the Cryogenic Storage Laboratories.

June 2006 - Delivery, Installation testing and validation of CBS Isothermal liquid nitrogen vapor storage tank.

November 2006 - Construction and installation of new Stem Cell Class 10,000 Processing Laboratory has been completed.

May 2007 - entered into a Contract with Validation Systems Inc. for assistance in securing a required State of California License from the State of California

September 2007 - Completed Quality Systems Procedures Manual required for State of California licensing and FDA registration.

October 2007 - Completed Quality Systems Policies Protocols Manual required for State of California licensing and FDA registration.

November 1, 2007 - Granted a Biologics license ("License") from the Department of Health Services of the State of California.

Nov. 7th, 2007 - Dr. Joao L. Ascensao, M.D., Ph.D., F.A.C.P. began his service as our Medical Director

Dec. 20th , 2007 - filed our registration with the Food and Drug Administration pursuant to 21CFR Parts 207, 807, and 1271 – "Establishment Registration and Listing for Human Cells, Tissues, and Cellular and Tissue-Based Products"

#### Medical Devices:

BMSG has filed six provisional patent applications and one utility patent application. These are as follows:

A. Cannula - This provisional patent application was filed based on BMSG's intellectual property and designs relating to tubular instruments used in stem cell harvesting and tissue transfers.

B. Tissue Transfer Cannula and Connectors - This provisional patent application was filed based on BMSG's intellectual property relating to tubular instrument connectors used in conjunction with cannulae designed specifically for stem cell harvesting and tissue transfer procedures. These tissue transfer connectors will allow the transfer of tissue from a 20cc to a 3cc or 6cc or 12cc syringe for harvesting or tissue transfer procedures.

C. Syringe Clip - This provisional patent application was filed based on BMSG's intellectual property relating to a locking device used with syringes which are connected to smaller size cannulae in stem cell harvesting and tissue transfer procedures. This syringe clip is designed to hold and lock the plunger on the Monoject 3cc, 6cc, 12cc, and 20cc syringes. By locking the plunger in place it protects the harvested cells until processing.



D. Syringe Clip - This provisional patent application was filed based on BMSG's intellectual property relating to a locking device used with syringes which are connected to larger sized cannulae in stem cell harvesting and tissue transfer procedures. This syringe clip is designed to hold and lock the plunger on the Monojet 60cc syringe by locking the plunger it protects the harvested cell until processing.

E. Tissue Transfer Cannula and Connectors - This provisional patent application was filed based on BMSG's intellectual property relating to the tubular instrumentation system used in stem cell harvesting and tissue transfer procedures. This transfer system is used to transfer human tissue from a 60cc syringe to a 35cc or 20cc syringe for tissue transfer.

F. Cannula Handle and Storage System - This provisional patent application was filed based on BMSG's intellectual property relating to a locking device used with syringes which are connected to cannulae in stem cell harvesting and tissue transfer procedures. This cannula handle will reduce hand and arm fatigue. The handle will allow a proper flow of tissue through the cannula using an aspirator or a pull syringe.

G. Tissue Transfer Cannula and Connectors - This utility patent application was filed based on BMSG's previously filed provisional patent application relating to the aforementioned intellectual property pertaining to tubular instruments locking device used with syringes which are connected to cannulae in stem cell harvesting and tissue transfer procedures.

H. Tissue Transfer Cannula and Connectors - This international utility patent application was filed in conjunction with the utility patent application mentioned in Item G

On August 11, 2008, we entered into a Letter of Intent ("LOI") with Cord Blood America, Inc ("CBAI") regarding contemplated transactions consisting of the following services to be provided by us to CBAI for consideration acceptable to us:

- (a) Cryogenic storage of Cord Blood specimens newly acquired by CBAI
- (b) Processing of Cord Blood specimens

The transactions contemplated by the LOI are subject to the execution of one or more definitive agreements and the provisions of the LOI are non binding on both parties with the exception of provisions regarding termination of duties to negotiate in good faith, non disclosure of confidential information, disclaimer of liabilities and choice of governing law and venue. While we are still in discussion with CBAI regarding the transactions contemplated by the LOI, no assurance can be given that definitive agreements, as described above, will be executed.

On October 23, 2008 The Regents of the University of California ("Regents") and Entest Biomedical, Inc. ("Licensee") ., a wholly owned subsidiary of us., executed an Exclusive License Agreement ("ELA") .

Pursuant to the ELA and subject to the limitations set forth in the ELA, The Regents granted to Licensee an exclusive license (the "License") under The Regents' interest in Provisional Patent Application No. 61/030,316 entitled "SCREENING TEST FOR GESTATIONAL DIABETES MELLITUS" filed 02/21/2008 (UCLA Case No. 2007-523-1) ("Regents Patent Rights") in jurisdictions where Regents' Patent Rights exist, to make, have made, use, sell, offer for sale and import Licensed Products (as "Licensed Products" is defined in the ELA) and to practice Licensed Methods (as "Licensed Methods" is defined in the ELA) in all fields of use to the extent permitted by law.

"Licensed Product", as defined in the ELA, means any article, composition, apparatus, substance, chemical, or any other material covered by Regents' Patent Rights or whose manufacture, use or sale would, absent the license granted under the ELA, constitute an infringement, inducement of infringement, or contributory infringement, of any claim within Regents' Patent Rights, or any service, article, composition, apparatus, chemical, substance, or any other material made, used, or sold by or utilizing or practicing a Licensed Method.

"Licensed Method", as defined in the ELA, means any process, service, or method which is covered by Regents' Patent Rights or whose use or practice would, absent the license granted under the ELA, constitute an infringement, inducement of infringement, or contributory infringement, of any claim within Regents' Patent Rights.

Pursuant to the ELA, Licensee shall be obligated to pay to The Regents for sales by Licensee and sublicensees:

- (i) an earned royalty of Six percent (6%) of Net Sales of Licensed Products or Licensed Methods.
- (ii) a minimum annual royalty of Fifty thousand dollars (\$50,000) for the life of Regents' Patent Rights, beginning one year after the first commercial sale of Licensed Product. The minimum annual royalty will be credited against the earned royalty due and owing for the calendar year in which the minimum payment was made.
- (iii) pay to The Regents a license maintenance fee of Five thousand dollars (\$5,000) beginning on the one-year anniversary date of the effective date of the ELA and continuing annually on each anniversary date of the Effective Date. The maintenance fee will not be due and payable on any anniversary date of the effective date if on that date Licensee is commercially selling a Licensed Product and paying an earned royalty to The Regents on the sales of that Licensed Product.

Pursuant to the ELA, the Licensee is also obligated to:

- (a) diligently proceed with the development, manufacture and sale ("Commercialization") of Licensed Products and must earnestly and diligently endeavor to market them within a reasonable time after execution of the ELA and in quantities sufficient to meet the market demands for them.
- (b) endeavor to obtain all necessary governmental approvals for the Commercialization of Licensed Products.

Unless otherwise terminated by operation of law or by acts of the parties in accordance with the terms of the ELA, the ELA remains in effect for the life of the last-to-expire patent or last to be abandoned patent application in Regents' Patent Rights, whichever is later.

#### COMPETITIVE BUSINESS CONDITIONS AND THE SMALL BUSINESS ISSUER'S COMPETITIVE POSITION IN THE INDUSTRY AND METHODS OF COMPETITION

We face intense and ever-changing competition from many other established local, regional and national companies. Many of these companies, such as Cryo-Cell International Inc., California Cryo-Bank, Cord Blood Registry, Inc. and Viacord are competitors who possess significantly greater financial, managerial, and marketing resources. Given our small size, changing technology, and our limited resources, the intensity of competition will likely continue for the foreseeable future. This may limit our ability to introduce and market our products, limit our ability to price our planned products and services, and, ultimately, our ability to generate and sustain sufficient sales revenues that would allow us to achieve profitability and positive cash flow.

These competitors have, in many cases, completed or implemented strategies that may provide them with a greater ability and a more diversified business strategy that will allow them to better respond to product and market changes

and other variables in this new industry.

Competitive conditions and the industry structure are likely to further change as comparative technologies, cost factors, and regulatory issues develop. These and other risks and uncertainties are likely to have a continuing direct impact on the Registrant in implementing its business plan.

#### SOURCES AND AVAILABILITY OF RAW MATERIALS AND THE NAMES OF PRINCIPAL SUPPLIERS

We source materials from a variety of vendors as the materials required by us are widely available on competitive terms and conditions.

#### DEPENDENCE ON ONE OR A FEW MAJOR CUSTOMERS

We have not, as of the date of this document, sold any products or services. We do not anticipate dependence on one or a few major customers upon commencement of sales.

#### PATENTS, TRADEMARKS, LICENSES, FRANCHISES, CONCESSIONS, ROYALTY AGREEMENTS OR LABOR CONTRACTS, INCLUDING DURATION

None

#### GOVERNMENT REGULATIONS

The U.S. Food and Drug Administration (FDA) regulations require that all human tissue and cellular products be manufactured according to Good Tissue Practice (cGTP). FDA code of Federal regulations 21 CFR part1271 was effective May 2005). As currently planned, we plan to manufacture human cellular based products for future, as yet undefined, medical treatments in accordance with this regulation. Good tissue practices requires that all tissue based and cellular products be manufactured to minimize the transmission of diseases including hepatitis and HIV. All tissue banks (including those banking cellular based products) must register with the FDA prior to commencement of such product manufacture and their associated services and be compliant.

We are required to register with the FDA under the Public Health Service Act to satisfy the regulatory requirements involving the storage of stem cells and other tissue. 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. Stem cell banking is also subject to State Regulations. We have been granted a Biologics License from the Department of Health Services of the State of California. This License permits our current facility to accept and store cord blood (Stem Cells), whole blood, and various blood related specimens for cryogenic short and long term storage. We will be applying for a Tissue Bank License from the Department of Health Services of the State of California in order that we may accept adipose and other tissue specimens for short and long term storage.

#### Registration with the FDA

On December 20th, 2007 we filed our registration with the Food and Drug Administration pursuant to 21CFR Parts 207, 807, and 1271 – “Establishment Registration and Listing for Human Cells, Tissues, and Cellular and Tissue-Based Products”

## California State licensure

We have been granted a Biologics License from the Department of Health Services of the State of California. This License permits our current facility to accept and store cord blood (Stem Cells), whole blood, and various blood related specimens for cryogenic short and long term storage. We will be applying for a Tissue Bank License from the Department of Health Services of the State of California in order that we may accept adipose and other tissue specimens for short and long term storage.

We are aware that despite these plans and the information that we have developed regarding regulatory and licensing requirements, regulatory and licensing requirements are subject to continuing changes. The U.S. Food and Drug Administration (FDA) regulates companies or other businesses engaged in the manufacture of human tissue or cellular products. Currently, these products must be manufactured in compliance with the FDA 21CFR part 1271. This regulation seeks to minimize the risk of transmission of diseases that can be transmitted due to transplantation or transfusion of human tissue or cellular products such as hepatitis and HIV. These Federal regulations may have an adverse impact on the current stem cell banking industry. There is significant cost associated with compliance to any code of Federal regulations (CFR). Only those companies that have the financial resources to implement and maintain comprehensive quality programs for both Good Manufacturing Processes (cGMPs) and Good Tissue Practice (cGTP) will be able to establish such a business. While we believe that our plans, if implemented successfully, will allow us to satisfy our obligations under these regulations, we cannot assure you that we will continue to satisfy federal and state regulatory requirements or that the cost of satisfying these and future regulatory requirements can be achieved without undue and unacceptable expense to us.

The environmental laws that impact us currently concern the following:

1. Disposition of biohazardous waste.
2. Emission control from an electricity generator to be installed for backup power at the planned facility.

Biohazardous waste (human tissue, blood and other body fluids) will be disposed of according to laws of the State of California. State licensed contractors will be used. The cost of biohazardous waste disposal is proportional to the weight of biohazardous material generated in a facility. It is estimated that in the start-up phase of our planned operations that the cost attributable to disposal of biohazardous waste will be approximately \$1000 per month. No other waste material, such as chemical or radioactive waste will be generated at our planned facility.

The State of California requires that all electrical generators utilizing fossil fuels be in compliance with all State and local clean air requirements. A new generator will need to be installed at our planned facility that will comply with all Federal, State and local regulations. No significant budgetary impact is foreseen on the cost of acquisition of back-up power at our planned facility that will be in compliance with all local, State and Federal regulations.

## EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS ON THE BUSINESS

Evolving legislation may materially adversely affect our business. The Food and Drug Administration (FDA) regulates companies or other businesses engaged in the manufacture of human tissue or cellular products. These products must be manufactured in compliance with the FDA 21CFR part 1271. This regulation seeks to minimize the risk of transmission of diseases that can be transmitted due to transplantation or transfusion of human tissue or cellular products such as hepatitis and HIV. These Federal regulations may have an impact on the current stem cell banking industry. There is significant cost associated with compliance to any code of Federal regulations (CFR). Only those Companies that have the financial resources to implement comprehensive quality programs for both Good Manufacturing Processes (cGMPs) and Good Tissue Practice (cGTP) will be able to establish such a business. There is the possibility that other legislation maybe enacted which will affect our business.

## RESEARCH AND DEVELOPMENT

During the twelve months ended September 30, 2008, we expended \$ 185,990 on research and development. During the twelve months ended September 30, 2007, we expended \$ 135,387 on research and development.

## NUMBER OF TOTAL EMPLOYEES AND NUMBER OF FULL TIME EMPLOYEES

As of December 9 2008 we have 7 total employees who are full time employees.

## ITEM 2 - DESCRIPTION OF PROPERTY

In August, 2005, BMSG signed a lease on a 14,562 sq. ft. facility located at 8885 Rehco Rd., San Diego CA 92121. This facility houses our stem cell processing and storage laboratories as well as our executive offices.

The cryogenic storage laboratories, comprising 1050 sq. ft. have been completed. A central external liquid nitrogen supply system is also now in place at the facility. In addition, four liquid nitrogen stem cell storage tanks have been installed.

Adipose and cellular processing will be performed in Class 100 environments in our 400 sq. ft. Class 10,000 Modular Laboratory which was completed in October 2006. Cord blood processing will be done in Class 100 environments in our Class 100,000 Laboratory. The facility also has an area for viability testing, preparatory, receiving, quarantine/ chemical storage, flow cytometry and microbiology.

To date, we have completed the following:

January 2006 - Installation and inspection of 2000 liter Perma-Cyl nitrogen tank complete.

February 2006 - Installation and testing of vacuum jacketed liquid nitrogen piping system complete.

February 2006 - California Medical Waste Management Plan is completed and accepted by the state of California.

March 2006 - Installation and validation of computer lock down system and air control monitors at Sorrento Mesa facility thus completing the Cryogenic Storage Laboratories.

June 2006 - Delivery, Installation testing and validation of CBS Isothermal liquid nitrogen vapor storage tank.

November 2006 - Construction and installation of new Stem Cell Class 10,000 Processing Laboratory has been completed

January to April 2007

We purchased the following equipment:

2 ea 8 ft Laminar Flow Hoods

Labgard Laminar Flow Hood 8 ft

Isotemp Laboratory Refrigerator

Jaun Freezer 80

Centrifuge 5417 C

Beckman Allegra GR Centrifuge

Baxter Incubator

Jouan Floor Centrifuge

EIO Microscope

Mettler Toledo PR 5002 Scale

Biohazard Dry Keeper

Bigger Bill Thermolyne

Isotemp 220 Bath

2128 Fraction Collector

10 ea - Lab Chairs

May to August 2007

A K-Series LN2 Storage Tank was installed in our Cryo Contaminate Lab

A Centrifuge was installed in Class 10,000 Clean Room

A Contract signed with Pegasus Building Services for Lab Cleaning Services

September to December 2007

Stainless Steel Lab Tables were installed in Main Cryo Lab:

A Cryo 300 LN2 Storage System installed in Main Cryo Lab

A CryoPlus 1 LN2 Storage System installed in Main Lab

2 ea Dry Shippers with shipping cases were received for Cryo Labs

2 ea Oxygen Deficiency Monitors were Received

A Computer system with software for Cryo lab received

A Temperature & Humidity Data Logger was ordered on November 14

A CBS Controlled Rate Freezer was ordered on November 26

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Between January 1, 2008 and February 29, 2008 the following equipment has been acquired and installed:

CBS Series 2100 Controlled Rate Freezer (Received January 23rd, 2008)

Cell Dyn 1800 (Received February 7th, 2008)

4' Laminar Air Workstation received Flow Hood received (received February 19th, 2008)

3 Color FACSCalibur (installation set-up and Calibration completed by February 20th, 2008)

Oxygen Deficiency Monitors installed (with calibration) in the Company's two Cryogenic Labs (February 20th, 2008)

Lab shipping and receiving computer with software installed (February 21st, 2008)

Cryogenic lab/office computer system installed (February 21st, 2008)

We acquired substantially all laboratory equipment which we believe would be required in order that we may be granted a Tissue Bank License by Department of Health Services of the State of California.

### ITEM 3 - LEGAL PROCEEDINGS

On October 7, 2008, a Complaint ("Complaint") was filed in the District Court of Clark County Nevada against the Company, the Company's Chairman, and BMXP (currently named Freedom Environmental Services, Inc.) (collectively "Defendants") by Princeton Research, Inc. ("Princeton") seeking to recover unspecified General damages in excess of \$10,000, unspecified specific damages, an order from the court declaring that the defendants fraudulently conveyed assets from BMXP to the Company, attorney's fees and cost of suit based on allegations that the sale of BMSG to the Company as well as the name change and cessation of operations of BMXP constitute a breach of contract by , fraudulent conveyance by, and unjust enrichment of the Defendants. The Company believes that the allegations in the complaint are without merit and intends to vigorously defend its interests in this matter. At this time, it is not possible to predict the ultimate outcome of these matters.

### ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None

## PART II

### ITEM 5 - MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market for Common Shares



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Our common stock is traded on the OTCBB under the symbol "BMSN". Prior to September 5, 2006 our Common Stock traded under the symbol "THII". Below is the range of high and low bid information for our common equity for each quarter within the last two fiscal years as reported by Commodity Systems Inc. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

	High	Low
October 1, 2006 to September 30, 2007		
First Quarter	2.00	.36
Second Quarter	.80	.50
Third Quarter	1.20	.50
Fourth Quarter	.18	.69
October 1, 2007 to September 30, 2008		
First Quarter	.40	.10
Second Quarter	.63	.11
Third Quarter	1.29	.35
Fourth Quarter	1.02	.20

### Holdings

As of December, 2008 there were approximately 435 holders of our Common Stock

### Dividends

No cash dividends were paid during the fiscal year ending September 30, 2008. We do not expect to declare cash dividends in the immediate future.

### Recent Sales of Unregistered Equity Securities

#### (a) Common Stock

On July 3, 2008 we issued 905,000 shares of common stock to consultants for services rendered valued at \$769,250.

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.

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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.

Between July 30 and August 30, 2008 we issued 85,087 of common stock to holders our Convertible Debentures in satisfaction of \$21,272 of accrued interest.

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 September 3, 2008 we issued 50,000 shares of common stock to a consultant for services rendered valued at \$50,000.

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.

#### Preferred Stock

On July 30, 2008 we issued 90,000 shares of Preferred Stock to a Warrant holder pursuant the exercise of his warrant for consideration consisting of \$18,000.

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 Preferred Stock stating that the shares of Preferred Stock have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the shares of Preferred Stock.

#### ITEM 6 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

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As of September 30, 2008, we had \$8,410 cash on hand, \$550,000 of securities available for sale and current liabilities of \$435,754 such liabilities consisting of Accounts Payable, Notes Payable, Accrued Payroll Taxes, and Accrued Interest.

We feel we 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, we plan to fund our 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 us or at all.) We cannot assure that we will be successful in obtaining additional financing necessary to implement our business plan. We have not received any commitment or expression of interest from any financing source that has given us any assurance that we will obtain the amount of additional financing in the future that we currently anticipate. For these and other reasons, we are not able to assure that we will obtain any additional financing or, if we are successful, that we can obtain any such financing on terms that may be reasonable in light of our current circumstances.

Over the next 12 months and if we are successful in obtaining necessary licenses (as described below), we anticipate opening our stem cell bank and marketing our disposable stem cell / tissue management instruments

On December 22, 2007 we submitted our registration to the FDA under the Public Health Service Act to satisfy the regulatory requirements involving the storage of stem cells and other tissue. 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. We have obtained our Biologics License for accepting blood for storage as a blood bank and anticipate filing for a Tissue Bank License from the Department of Health Services of the State of California in order that we may accept adipose and other tissue specimens for short and long term storage.

We do not, at this time, plan any additional research and development on our line of medical instruments. We are currently anticipating the granting of utility patents covering our line of medical instruments, the granting of which cannot be assured. Upon, and dependent upon, the granting of these utility patents we anticipate sourcing a manufacturing facility to produce our line of medical instruments.

Over the next twelve months and if we are successful in obtaining the necessary additional financing and obtaining equipment and necessary additional professional staff, we anticipate purchasing the following significant laboratory equipment:

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

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Facility Manager / Receiving & Shipping	\$	60,000
Support Staff	\$	50,000
Total	\$	740,000

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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.

We have not undertaken any efforts to recruit any persons to fill any of the positions shown above. We may face protracted difficulties in recruiting individuals with sufficient experience and skills needed to fill these positions and we cannot assure that we will be successful in obtaining the necessary persons at the compensations levels shown above or that we will not incur significant additional expenses to attract, relocate, and retain any persons that we recruit.

These time frames and our objectives are subject to change as we review and re-evaluate market conditions and opportunities.

ITEM 7 - FINANCIAL STATEMENTS  
MOORE & ASSOCIATES, CHARTERED  
ACCOUNTANTS AND ADVISORS  
PCAOB REGISTERED

#### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheet of Bio-Matrix Scientific Group, Inc. and Subsidiaries (A Development Stage Company) as of September 30, 2008, and the related consolidated statements of operations, stockholders' equity and cash flows for the year ended September 30, 2008 and since inception on August 2, 2005 through September 30, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conduct our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bio-Matrix Scientific Group, Inc. and Subsidiaries (A Development Stage Company) as of September 30, 2008, and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended September 30, 2008 and since inception on August 2, 2005 through September 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 5 to the financial statements, the Company has an accumulated deficit of \$7,186,765 during the period from inception August 2, 2005 through September 30, 2008, which raises substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 5. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Moore & Associates, Chartered

Moore & Associates, Chartered

Las Vegas, Nevada

December 8, 2008

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6490 West Desert Inn Road, Las Vegas, NV 89146 (702) 253-7499 Fax (702) 253-7501

Chang G. Park, CPA, Ph. D.  
t 371 E STREET t CHULA VISTA t CALIFORNIA 91910-2615t  
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t E-MAIL changgpark@gmail.com t

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Bio-Matrix Scientific Group, Inc.  
(Formerly Tasco International, Inc.)  
(A Development Stage Company)

We have audited the accompanying consolidated balance sheets of Bio-Matrix Scientific Group, Inc. and subsidiary (Formerly Tasco International, Inc.) (A Development Stage “Company”) as of September 30, 2007 and 2006 and the related consolidated statements of operations, changes in shareholders’ equity and cash flows for the year ended September 30, 2007 and for the nine months ended September 30, 2006, and for the period from August 2, 2005 (inception) to September 30, 2007. These consolidated financial statements are the responsibility of the Company’s management.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bio-Matrix Scientific Group, Inc. and subsidiary as of September 30, 2007 and 2006, and the results of its operation and its cash flows for the year ended September 30, 2007 and for the nine months ended September 30, 2006, and for the period from August 2, 2005 (inception) to September 30, 2007 in conformity with U.S. generally accepted accounting principles.

The 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’s losses from operations raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Chang G. Park\_\_

CHANG G. PARK, CPA

December 19, 2007

San Diego, CA. 91910

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BIO-MATRIX SCIENTIFIC GROUP, INC. AND SUBSIDIARIES  
(A Development Stage Company)  
Consolidated Balance Sheet

as of  
September  
30, 2008

ASSETS

CURRENT ASSETS

Cash	\$	8,410
Securities Available for sale		550,000
Pre-paid Expenses		49,258

Total Current Assets 607,668

PROPERTY & EQUIPMENT (Net of Accumulated Depreciation) 538,868

Other Assets 21,307

TOTAL ASSETS \$ 1,167,843

LIABILITIES AND  
STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$	89,974
Notes Payable		111,459
Accrued Payroll		150,000
Accrued Payroll taxes		29,998
Accrued Interest		24,323
Accrued expenses		30,000

Total Current Liabilities 435,754

LONG TERM LIABILITIES

Convertible Note		503,400
Note to Affiliated Party		500,000

TOTAL LIABILITIES 1,439,154

STOCKHOLDERS' EQUITY

Preferred Stock (\$.0001 par value 20,000,000 shares authorized; 5,668,547 issued and outstanding as of September 30, 2008)		567
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Series AA Preferred Stock (\$0.0001 par value)  
100,000 shares authorized, 4852 issued and outstanding  
as of September 30, 2008

Common Stock, (\$.0001 par value)  
80,000,000 shares authorized; 24,870,869  
shares issued and outstanding as of September 30, 2008

Additional paid in Capital	2,488
Accumulated Other Comprehensive Income	7,631,648
Deficit accumulated during the development stage	50,000
	(7,956,014)

Total Stockholders' Equity (Deficit)	\$	(271,311)
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TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$	1,167,843
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The following Notes are an integral part of these Financial Statements

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BIO-MATRIX SCIENTIFIC GROUP, INC. AND SUBSIDIARIES  
(A Development Stage Company)  
Consolidated Statements of Operations

	Year Ended September 30, 2008	Year Ended September 30, 2007	From Inception (August 2, 2005) through September 30, 2008
<b>REVENUES</b>			
Sales	\$ -	\$ -	\$ -
Total Revenues	-	-	-
<b>COSTS AND EXPENSES</b>			
Research and Development	185,990	261,077	657,907
General and administrative	958,882	1,131,756	3,415,204
Depreciation and amortization	453	1,333	2,668
Consulting and professional fees	1,875,666	1,035,177	3,758,532
Impairment of goodwill & intangibles			34,688
Total Costs and Expenses	3,020,991	2,429,343	7,868,999
<b>OPERATING LOSS</b>	<b>(3,020,991)</b>	<b>(2,429,343)</b>	<b>(7,868,999)</b>
<b>OTHER INCOME &amp; (EXPENSES)</b>			
Interest Expense	(61,183)	(23,636)	(87,348)
Interest Income		306	306
Other income	100		100
Other Expense		(74)	(74)
Total Other Income & (Expenses)	(61,083)	(23,404)	(87,016)
<b>NET INCOME (LOSS)</b>	<b>\$ (3,082,074)</b>	<b>\$ (2,452,747)</b>	<b>\$ (7,956,015)</b>
<b>BASIC AND DILUTED EARNINGS</b>			
<b>(LOSS) PER SHARE</b>	<b>\$ (0.12)</b>	<b>\$ (0.13)</b>	

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	25,184,099	18,397,245
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The following Notes are an integral part of these Financial Statements

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## BIO-MATRIX SCIENTIFIC GROUP INC. AND SUBSIDIARIES

(A Development Stage Company)

Consolidated Statements of Stockholders' Equity  
From August 2, 2005 through September 30, 2008

	Series AA Preferred Shares	Amount	Preferred Shares	Amount	Common Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	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 Stock issued					9,975,000	(34,921)	34,921			
Tasco merger Stock issued for services					2,780,000	278	(278)			
Stock issued for Compensation					305,000	31	759,719			759,719
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)		(1,040,863)
Stock issued for services					100,184	10	112,524			112,524
					153,700	15	101,465			101,465

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Stock issued for Compensation					
Stock issued in exchange for canceling debt	2,854,505	284	1,446,120		1,446,408
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)	153,287
Stock issued for cash	500,000	50	124,950		125,000
Stock issued for services	359,310	36	235,042		235,000
Stock issued for Compensation	143,920	14	88,400		88,400
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)	211,083
Stock issued for cash	240,666	24	60,142		60,000
Stock issued for services	406,129	41	222,889		222,900
Stock issued for Compensation	150,000	15	110,435		110,400
Stock issued in exchange for canceling debt	1,316,765	132	329,059		329,000
Net Loss					
April 1, 2007 through June 30, 2007				(718,955)	(718,955)
Balance June 30, 2007	20,110,179	2,011	4,335,308	(4,121,952)	215,283
Stock issued for cash	1,200,000	120	299,880		300,000
Stock issued for services	1,253,000	125	404,125		404,200
	100,000	10	24,990		25,000

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Stock issued for Compensation							
Stock issued in exchange for canceling debt			566,217	57	143,940		143,940
Net Loss July 1, 2007 through September 30, 2007						(751,989)	(751,989)
Balance September 30, 2007			23,229,396	2,323	5,208,244	(4,873,941)	336,000
Stock issued for Cash							
Stock issued for services			191,427	19	62,108		62,108
Net Loss October 1, 2007 through December 31, 2007						(405,812)	(405,812)
Balance December 31, 2007			23,420,823	2,342	5,270,352	(5,279,753)	(7,000)
Stock issued for cash	575,000	57			114,942		114,942
Stock issued for services	340,000	35	146,705	15	106,651		106,700
Net Loss January 1, 2008 through March 31, 2008						(417,325)	(417,325)
Balance March 31, 2008	915,000	92	23,567,528	2,357	5,491,945	(5,697,078)	(202,000)
Stock issued for cash	2,154,850	215			672,172		672,172
Stock issued for services	1,421,725	142	232,000	23	613,439		613,000
Stock issued for accrued interest			31,245	3	17,293		17,293
Stock issued as dividend	1,075,087	108			(108)		
Net Loss April 1, 2008 to June 30, 2008						(1,063,446)	(1,063,446)
Balance June 30, 2008	5,566,662	557	23,830,773	2,383	6,794,741	(6,760,524)	37,000
Stock issued for cash	101,667	10			21,489		21,489
			955,000	96	794,154		794,154

Stock issued for services									
Series AA Preferred Stock issued to Officer	4,852								
Stock issued for accrued interest			85,087	9	21,263				21,263
Stock issued due to rounding		218	9						
Net Loss July 1, 2008									
to September 30, 2008							(1,195,491)		(1,195,491)
Increase (Decrease) Accumulated Other Comprehensive Income (Loss) Balance								50,000	50,000
September 30, 2008	4,852	5,668,547	567	24,870,869	2,488	7,631,647	(7,956,015)	50,000	(271,491)

The following Notes are an integral part of these Financial Statements

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Bio Matrix Scientific Group, Inc. and Subsidiaries  
(A Development Stage Company)  
Consolidated Statements of Cash Flows

	Year Ended September 30, 2008	Year Ended September 30, 2007	From August 2, 2005 (inception) through September 30, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss)	\$ (3,082,074)	\$ (2,452,747)	\$ (7,956,015)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation expense	453	1,333	2,667
Stock issued for compensation to employees		325,344	910,342
Stock issued for services rendered by consultants	1,576,673	974,792	3,311,214
Stock issued for interest	38,576		38,568
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	0		0
(Increase) decrease in prepaid expenses	(37,960)	8,909	(49,258)
Increase (Decrease) in Accounts Payable	80,959	(82,064)	89,974
Increase (Decrease) in Accrued Expenses	189,282	57,155	264,268
Net Cash Provided by (Used in) Operating Activities	(1,234,091)	(1,167,278)	(3,388,240)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
( Increase) Decrease in Deposits	1,785	6,035	(21,307)
Purchases of fixed assets	(173,998)	(26,100)	(541,536)
Additions to Securities Available for Sale	(500,000)		(500,000)
Net Cash Provided by (Used in) Investing Activities	(672,213)	(20,065)	(1,062,843)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			

Preferred Stock issued for cash	282		282
Common stock issued for cash		194	1,472
Additional paid in Capital	808,603	484,972	1,328,218
Principal borrowings on notes and Convertible Debentures	69,851	712,112	930,915
Convertible notes	503,400		503,400
Increase (Decrease) in Bank Overdraft	(11,534)	11,534	0
Net borrowings from related parties			1,195,196
Increase (Decrease) in Notes from Affiliated party	500,000		500,000
Net Cash Provided by (Used in) Financing Activities	1,870,602	1,208,812	4,459,483
Net Increase (Decrease) in Cash	(35,702)	21,469	8,400
Cash at Beginning of Period	44,110	22,641	0
Cash at End of Period	\$ 8,410	\$ 44,110	\$ 8,410

## Supplemental Cash Flow Disclosures:

			From August 2, 2005
Stock issued to cancel debt		2,044,592	2,044,592
Preferred stock issued for stock dividend	108		108
Accumulated Other Comprehensive income (Loss)	50,000		50,000
Total	50,108	2,044,592	2,094,700

The following Notes are an integral part of these Financial Statements

**BIO-MATRIX SCIENTIFIC GROUP, INC. AND SUBSIDIARY**  
(A Development Stage Company)  
Notes to consolidated Financial Statements  
As of September 30, 2008

**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.

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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 Luring.

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.

On March 4, 2008 the Company entered into a Letter of Intent (“LOI”) with the Regents of the University of California (“Regents”) whereby the Regents shall negotiate exclusively with the Company for an exclusive license for life of the Patent Rights to a Screening Test for Gestational Diabetes Mellitus UCLA Case Number 2007-523 (“License Agreement”). As consideration for this promise, Company agreed to pay a nonrefundable fee of Five hundred dollars (\$500) within ten (10) days of the execution of this Letter of Intent, and to reimburse The Regents for costs incurred in the drafting and filing of a provisional patent application for UCLA Case Number 2007-523 up to a maximum total of Three Thousand Dollars (\$3,000).

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF ACCOUNTING

The financial statements have been prepared using the basis of accounting generally accepted in the United States of America. Under this 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. INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities are composed of available-for-sale securities. The Company's investments are categorized as available-for-sale and recorded at estimated fair value, based on quoted market prices, or financial models if quoted market prices are unavailable. Increases and decreases in fair value are recorded as unrealized gains and losses in Other Comprehensive Income. Realized gains and losses and declines in fair value judged to be other-than-temporary are included in the Consolidated Statement of Operations as a Gain/(loss) on sale of investment.

As of September 30, 2008 Available for sale securities consisted of 1,000,000 common shares of Freedom Environmental Services, Inc. This asset is classified as current in that (a) it is freely tradable stock absent of any restrictions on sale and (b) it is the current intention that this investment may be liquidated at any time, in whole or in part, at the Company's option. The Note issued by the Company to purchase the asset is classified as long term in that it is not due and payable until November 29, 2009 over one year from issuance

#### F. 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.

#### G. 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.

#### 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 September 30, 2008 consists of the following:

Acquisition cost:	Estimate useful life (year)			
Production Equipment	3 to 5	\$	US	241,884
Production Clean room	10			78,264
Leasehold improvement	10			197,934
Office equipment	3 to 5			7,250
Computer	3			16,204
Subtotal				541,536
Less accumulated depreciation				(2,668)
Total		\$	US	538,868

Depreciation expenses were \$453 and \$1333 for the year ended September 30, 2008 and September 30, 2007, respectively. With the exception of one computer which is fully depreciated, no property and equipment has yet to be utilized in production therefore no depreciation shall be recognized until usage commences.

### NOTE 4. INVESTMENTS

Investments are composed of available-for-sale equity securities as defined in SFAS No. 115—Accounting for Certain Investments in Debt and Equity Securities, or SFAS 115. At September 30, 2008 our investment portfolio consisted of 1,000,000 common shares of Freedom Environmental Services, Inc. Increases and decreases in fair value are recorded as unrealized gains and losses in Other Comprehensive Income. Realized gains and losses and declines in fair value judged to be other-than-temporary are included in the Consolidated Statement of Operations as a Gain/(loss) on sale of investment. The Company did not possess a portfolio of securities during the 2007 fiscal year.

As of September 30, 2008 Securities Available for Sale consisted of the following:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate securities	500,000	50,000	0	550,000
Total marketable securities	\$ 500,000	\$ 50,000	\$ 0	\$ 550,000

### 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

Between March 21st and March 31, 2008, the Company issued warrants expiring 90 days after the execution of their agreement and exercisable into 915,000 preferred shares of the Company at \$0.30 per share at any time prior to their expiration. 250,000 of these warrants were subsequently exercised.

On April 9, 2008, the Company issued 225,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$45,000. These Warrants were subsequently exercised in full.

On April 9, 2008, the Company issued 108,373 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$32,512.

On May 20, 2008, the Company issued 142,857 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of \$50,000.

On May 20, 2008, the Company issued 390,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of services amounting to \$136,500.

On May 28, 2008, the Company issued 200,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of \$60,000.

Between May 28 and May 30, 2008, 475,000 shares of the Company’s Preferred Stock was issued at \$0.30 per Preferred Share pursuant to the exercise of issued warrants.

On May 27, 2008, the Company issued 71,429 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of \$25,000.

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On May 29, 2008, the Company issued 175,125 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of services amounting to \$61,294.

On May 30, 2008, the Company issued 71,429 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of \$25,000.

On May 30, 2008, the Company issued 10,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of services amounting to \$3,500.

On June 2, 2008, the Company issued 15,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$5,250.

On June 3, 2008, the Company issued 103,334 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of \$31,000.

On June 3, 2008, the Company issued 30,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$10,500.

On June 11, 2008, the Company issued 71,429 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$25,000.

On June 11, 2008, the Company issued 47,034 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of \$14,110.

On June 11, 2008, the Company issued 30,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$10,500.

On June 11, 2008, the Company issued 28,600 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$10,010.



On June 11, 2008, the Company issued 28,600 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of \$10,010.

On June 12, 2008, the Company issued 30,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$10,500.

On June 13, 2008, the Company issued 285,715 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$100,000.

On June 13, 2008, the Company issued 28,600 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of \$10,010.

On June 16, 2008, the Company issued 45,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$15,750.

On June 18, 2008, the Company issued 27,450 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of \$8,235.

On June 18, 2008 the Company issued 46, 600 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of services amounting to \$16,310.

On June 18, 2008, the Company issued 90,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$31,500. These warrants were subsequently exercised in full.

On July 14, 2008 the Company issued 11,667 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of \$3,500.

Summary of the Company's warrants as of September 30, 2008 and 2007 and changes during the periods is as follows:

	Fiscal Year		Weighted Average Exercise Price	Weighted Average Exercise Price
	2008	2007		
	Warrants Preferred Stock		Warrants (Common)	
Outstanding at Beginning of Period	0		200,000	4.5
Granted	2,675,741		0	0
Exercised	-565,000			
Expired				
Unexercised	-2,099,074		200,000	4.5
Outstanding at End of period	11,667		0	0

The following table summarizes information regarding Preferred stock purchase warrants outstanding at September 30, 2008

	Exercise Price	Number Outstanding	Weighted Average Remaining Contract Life (Days)
Total outstanding as of September 30, 2008	0.35	11,667	14
		11,667	14

#### 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 \$7,956,015 during the period from August 2, 2005 (inception) through September 30, 2008. 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. 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 June 30 , 2008

Deferred tax assets:		
Net operating tax carry forwards	\$	2,798,120
Other		-0-
Gross deferred tax assets		2,798,120
Valuation allowance		(2,798,120)
Net deferred tax assets	\$	-0-

As of September 30, 2008 the Company has a Deferred Tax Asset of \$2,456,630 completely attributable to net operating loss carry forwards of approximately \$7,994,631 ( 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) \$7, 956,015 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 13).

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.

The Company is currently indebted in the aggregate amount of \$77,940 to Bombardier Pacific Ventures. These amounts are callable at par plus any accrued and unpaid interest by the upon five days written notice, and bears simple interest at 15% maturing, for each amount lent, within one year of issuance.

On July 3, 2008, the Company issued 4,852 shares of Series AA Preferred Stock (“AA Stock”) to David R. Koos, the Company’s Chairman, President and CEO pursuant to the following terms and conditions:

- A) In the event that Koos voluntarily resigns as either President or CEO of the Company prior to July 3, 2018 the AA Stock shall be returned to the Company.
- B) In the event of the death of Koos prior to July 3, 2018 the AA Stock shall be returned to the Company.
- C) Upon the expiration of a continuous period of two hundred forty (240) calendar days during which Koos is unable to perform his material duties as President or CEO due to physical or mental incapacity the AA Stock shall be returned to the Company.
- D) Upon Koos’ conviction in a court of competent jurisdiction for a felony or any crime involving fraud or misrepresentation the AA Stock shall be returned to the Company.

The AA Stock issued to Koos are the only shares of Series AA Preferred Stock outstanding as of July 15, 2008.

On September 29, 2008, the Company purchased 1,000,000 of the common shares of Freedom Environmental Services, Inc. (“FESI shares”) from Bombardier Pacific Ventures, Inc. (“Bombardier”) , a company controlled by David Koos , our Chairman and CEO, for consideration consisting of a Promissory Note (“Note”) in the principal amount of

\$500,000 issued by BMSN to Bombardier.

Pursuant to the terms and conditions of the Note, the entire principal amount of \$500,000 together with accrued simple interest of 10% per annum, is due and payable to Bombardier on November 29, 2009.

#### 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 the Company.
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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 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 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 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 the Company.

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 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 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 January 18, 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 the Company.

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 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 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 January 18, 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 the Company.

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

Subsequent to any conversion, the holder 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 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 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

On February 15, 2008, the Company sold \$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 February 15, 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 the Company.

The holder may convert the Convertible Debenture, in whole but not in part, into our common shares at the conversion price of \$0.10 per Share (“Conversion Shares”).

Subsequent to any conversion, the holder 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 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 March 3, 2008 the Selling Shareholder’s Registration Statement was withdrawn by the Company.

On March 3, 2008, the Company sold \$10,000 face value convertible debenture (“Convertible Debenture”) for an aggregate purchase price of \$10,000 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 March 3, 2010.

At any time subsequent to the expiration of a six month period from March 3, 2008, 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 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 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.

#### 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.

#### Common Stock

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 TASC0 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 TASC0 HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On April 18, 2007, the Company issued 5,000 common shares pursuant to the TASC0 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 TASC0 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

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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

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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.

On January 8, 2008 the Company issued 110,213 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, 2008 the Company issued 24,587 common shares to consultants pursuant to the TASCO HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK as consideration for services rendered.

On February 22, 2008 the Company issued 11,905 common shares to a consultant pursuant to the TASCO HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK as consideration for services rendered.

On April 9, 2008 the Company issued 10,000 shares of common stock to a consultant for services rendered valued at \$5000.

On April 30, 2008 the Company issued 22,000 shares of common stock to consultants for services rendered valued at \$11,000.

On May 12, 2008 the Company issued 200,000 shares of common stock to a consultant for services rendered valued at \$100,000.

On June 18, 2008 the Company issued 31,245 shares of common stock to holders of the Company's Convertible Debentures in satisfaction of \$17,296 of accrued interest.

On July 3, 2008 the Company issued 905,000 shares of common stock to consultants for services rendered valued at \$769,250.

Between July 30 and August 30 , 2008 the Company issued 85,087 of common stock to holders of the Company's Convertible Debentures in satisfaction of \$21,272 of accrued interest.

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On September 3, 2008 the Company issued 50,000 shares of common stock to a consultant for services rendered valued at \$50,000.

#### Preferred Stock

During the quarter ended March 31, 2008 the Company sold 575,000 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.30 per share, for the purchase price of \$0.20 per Unit for aggregate consideration of \$115,000.

During the quarter ended March 31, 2008 the Company issued 340,000 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.30 per share, for consideration consisting of services rendered valued at \$68,000.

On April 9, 2008, the Company issued 225,000 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.30 per share, for consideration consisting of \$45,000.

On April 9, 2008, the Company issued 108,373 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.30 per share, for consideration consisting of \$32,511.

On May 20, 2008, the Company issued 142,857 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.45 per share, for consideration consisting of \$50,000.

On May 20, 2008, the Company issued 800,000 shares of the Company's Preferred Stock for consideration consisting of services amounting to \$280,000.

On May 20, 2008, the Company issued 390,000 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.30 per share, for consideration consisting of services amounting to \$136,500.

On May 28, 2008, the Company issued 200,000 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.35 per share, for consideration consisting of \$60,000.

Between May 28 and May 30, 2008, 475,000 shares of the Company's Preferred Stock was issued at \$0.30 per Preferred Share pursuant to the exercise of issued warrants.

On May 27, 2008, the Company issued 71,429 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.45 per share, for consideration consisting of \$25,000.

On May 29, 2008, the Company issued 175,125 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of services amounting to \$61,294.

On May 30, 2008, the Company issued 71,429 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of \$25,000.

On May 30, 2008, the Company issued 10,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of services amounting to \$3,500.

On June 2, 2008, the Company issued 15,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$5,250.

On June 3, 2008, the Company issued 103,334 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of \$31,000.

On June 3, 2008, the Company issued 30,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$10,500.

On June 10, 2008, 952,200 Preferred Shares were paid out as a dividend to common shareholders of record as of May 28, 2008.

On June 11, 2008, the Company issued 71,429 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$25,000.

On June 11, 2008, the Company issued 47,034 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of \$14,110.

On June 11, 2008, the Company issued 30,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$10,500.

On June 11, 2008, the Company issued 28,600 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$10,010.

On June 11, 2008, the Company issued 28,600 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of \$10,010.

On June 12, 2008, the Company issued 30,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$10,500.

On June 13, 2008, the Company issued 285,715 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$100,000.

On June 13, 2008, the Company issued 28,600 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of \$10,010.

On June 16, 2008, the Company issued 45,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$15,750.

On June 18, 2008, the Company issued 27,450 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of \$8,235.

On June 18, 2008 the Company issued 46, 600 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of services amounting to \$16,310.

On June 18, 2008, the Company issued 90,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$31,500.

On July 14, 2008 the Company issued 11,667 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of \$3,500.

NOTE 10. DIVIDEND OF PREFERRED SHARES TO COMMON AND PREFERRED SHAREHOLDERS

On May, 12, 2008 the Board of Directors of Bio-Matrix Scientific Group, Inc. (“Company”) authorized

(a) a dividend to Common shareholders of record as of May 28, 2008 (“Record Date”) to be paid to Common shareholders on or about June 10, 2008, such dividend to be payable in shares of the company’s authorized but unissued preferred stock .0001 par value and to consist of one share of preferred stock for every twenty five shares of Bio-Matrix Scientific Group, Inc. Common Stock owned as of the Record Date. The Preferred Share dividends will only be issued in the name of the beneficial owner of the Bio-Matrix Scientific Group Common Stock and no dividend shares will be issued in the name of a broker dealer to disseminate to its clients. Broker Dealers holding Common shares on behalf of clients shall be required to produce lists of Common shareholders designated by such Broker-Dealers as beneficial owners of the Company’s Common stock as of the Record Date. Any lists provided by Broker Dealers must reconcile with records on file with the Depository Trust and Clearance Corporation before the dividend may be paid by the Company

(b) a dividend to Preferred shareholders of record as of May 28, 2008 (“Record Date”) to be paid to Preferred shareholders on or about June 10, 2008, such dividend to be payable in shares of the company’s authorized but unissued preferred stock .0001 par value and to consist of one share of preferred stock for every twenty five shares of Bio-Matrix Scientific Group, Inc. Preferred Stock owned as of the Record Date. The Preferred Share dividends will only be issued in the name of the beneficial owner of the Bio-Matrix Scientific Group Preferred Stock and no dividend shares will be issued in the name of a broker dealer to disseminate to its clients. The Preferred Share dividends will only be issued in the name of the beneficial owner of the Bio-Matrix Scientific Group Preferred Stock and no dividend shares will be issued in the name of a broker dealer to disseminate to its clients. Broker Dealers holding Preferred shares on behalf of clients shall be required to produce lists of Preferred shareholders designated by such Broker-Dealers as beneficial owners of the Company’s Preferred stock as of the Record Date. Any lists provided by Broker Dealers must reconcile with records on file with the Depository Trust and Clearance Corporation before the dividend may be paid by the Company. To the knowledge of the Company, currently no Preferred Shares are being held by Broker Dealers on behalf of clients.

On June 10, 2008, 952,200 Preferred Shares were paid out to common shareholders of record as of the Record Date. The Company anticipates paying out the remainder 122,726 shares of the dividend due shortly.

NOTE 11. STOCKHOLDERS' EQUITY

The stockholders' equity section of the Company contains the following classes of capital stock as of September 30, 2008:

\* Preferred stock, \$ 0.0001 par value; 20,000,000 shares authorized:  
5,568,329 Preferred shares issued and outstanding.  
4,852 Series AA Preferred Shares issued and outstanding

Common stock, \$ 0.0001 par value; 80,000,000 shares authorized: 23,965,860 shares issued and outstanding.

On July 1, 2008 the Certificate of Incorporation of the Company was amended to permit the following actions:

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A. To grant the full authority permitted by law to the Board of Directors of the Company to issue, from time to time, multiple series of Preferred Stock and the number of shares constituting each such series and to fix by resolution full or limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights and other special or relative rights of any series of the Preferred Stock that may be desired. And, subject to the limitation on the total number of shares of Preferred Stock which the Corporation has authority to issue, the Board of Directors is also authorized to increase or decrease the number of shares of any series, subsequent to the issue of that series, but not below the number of shares of such series then outstanding.

B. To grant the full authority permitted by law to the Board of Directors of the Company to issue, from time to time, multiple series of Common Stock and the number of shares constituting each such series and to fix by resolution full or limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights and other special or relative rights of any series of the Common Stock that may be desired. And, subject to the limitation on the total number of shares of Common Stock which the Corporation has authority to issue, the Board of Directors is also authorized to increase or decrease the number of shares of any series, subsequent to the issue of that series, but not below the number of shares of such series then outstanding.

On July 2, 2008 the Company filed a CERTIFICATE OF DESIGNATION OF PREFERENCES, RIGHTS AND LIMITATIONS OF SERIES AA PREFERRED STOCK (“Certificate of Designations”) with the Delaware Secretary of State setting forth the preferences rights and limitations of a newly authorized series of preferred stock designated and known as “Series AA Preferred Stock” (hereinafter referred to as “Series AA Preferred Stock”).

The Board of Directors of the Company has authorized 100,000 shares of the Series AA Preferred Stock. With respect to each matter submitted to a vote of stockholders of the Corporation, each holder of Series AA Preferred Stock shall be entitled to cast that number of votes which is equivalent to the number of shares of Series AA Preferred Stock owned by such holder times ten thousand (10,0000). Except as otherwise required by law, holders of Common Stock, other series of Preferred issued by the Corporation, and Series AA Preferred Stock shall vote as a single class on all matters submitted to the stockholders.

#### NOTE 12. 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 13. 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 14. 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 September 30, 2008 -- 1,494,342 shares have been issued pursuant to the Plan

	Number of Shares
As of September 30, 2008	
Granted	1,494,342 *
Remaining shares available for issuance under the Plan as of September 30, 2008.	5,658

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

**NOTE 15. 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 September 30, 2008, 1,500,000 shares have been issued pursuant to the Plan

	Number of Shares	
As of September 30, 2008:		
Granted		1,500,000
Remaining shares available for issuance under the Plan as of September 30, 2008		0

NOTE 16. PREFERRED STOCK OFFERINGS

During the quarter ended March 31, 2008 the Company sold 575,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for the purchase price of \$0.20 per Unit for aggregate consideration of \$115,000.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock, the Company entered into agreements with each purchaser of the Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock.

During the quarter ended March 31, 2008 the Company issued 340,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of services rendered amounting to \$68,000.

The Company has also entered into agreements with each of the abovementioned recipients of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock. The above mentioned agreements constitute agreements solely between the Company and the other parties and do not represent any intrinsic characteristic, right or designation of the Preferred Stock,

On April 9, 2008, the Company issued 225,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$45,000.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock.

On April 9, 2008, the Company issued 108,373 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$32,511.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock.

On May 20, 2008, the Company issued 142,857 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of

\$50,000.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

On May 20, 2008, the Company issued 800,000 shares of the Company's Preferred Stock for consideration consisting of services valued at \$280,000.

As an additional incentive to purchase the securities and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, 800,000 Preferred shares owned by that purchaser into an equivalent number of shares of the company's common stock.

On May 20, 2008, the Company issued 390,000 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.30 per share, for consideration consisting of services valued at \$136,500.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

On May 28, 2008, the Company issued 200,000 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.35 per share, for consideration consisting of \$60,000.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

Between May 28 and May 30, 2008, 475,000 shares of the Company's Preferred Stock was issued at \$0.30 per Preferred Share pursuant to the exercise of issued warrants.

On May 27, 2008, the Company issued 71,429 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.45 per share, for consideration consisting of \$25,000.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants

into an equivalent number of shares of the company's common stock.

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On May 29, 2008, the Company issued 175,125 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of services valued at \$61,294.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock.

On May 30, 2008, the Company issued 71,429 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of \$25,000.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock.

On May 30, 2008, the Company issued 10,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of services valued at \$3,500.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock.

On June 2, 2008, the Company issued 15,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$5,250.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock.

On June 3, 2008, the Company issued 103,334 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of \$31,000.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

On June 3, 2008, the Company issued 30,000 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.30 per share, for consideration consisting of \$10,500.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

On June 11, 2008, the Company issued 71,429 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.30 per share, for consideration consisting of \$25,000.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

On June 11, 2008, the Company issued 47,034 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.35 per share, for consideration consisting of \$14,110.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

On June 11, 2008, the Company issued 30,000 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.30 per share, for consideration consisting of \$10,500.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

On June 11, 2008, the Company issued 28,600 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$10,010.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock.

On June 11, 2008, the Company issued 28,600 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of \$10,010.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock.

On June 12, 2008, the Company issued 30,000 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$10,500.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock.

On June 13, 2008, the Company issued 285,715 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.30 per share, for consideration consisting of \$100,000.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock.

On June 13, 2008, the Company issued 28,600 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.45 per share, for consideration consisting of \$10,010.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

On June 16, 2008, the Company issued 45,000 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.30 per share, for consideration consisting of \$15,750.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

On June 18, 2008, the Company issued 27,450 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.35 per share, for consideration consisting of \$8,235.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

On June 18, 2008 the Company issued 46, 600 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.45 per share, for consideration consisting of services valued at \$16,310.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

On June 18, 2008, the Company issued 90,000 units ("Units"), each unit consisting of one share of the Company's Preferred Stock and one Preferred Stock Purchase Warrant ("Warrant") exercisable for a period of three months from the date of issuance into one share of the Company's Preferred Stock at \$0.30 per share, for consideration consisting of \$31,500.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to September 3, 2008 at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company's common stock.

On July 14, 2008 the Company issued 11,667 units (“Units”), each unit consisting of one share of the Company’s Preferred Stock and one Preferred Stock Purchase Warrant (“Warrant”) exercisable for a period of three months from the date of issuance into one share of the Company’s Preferred Stock at \$0.35 per share, for consideration consisting of \$3,500.

As an additional incentive to purchase the Units and not as a characteristic, right or designation of the Preferred Stock. The Company has also entered into agreements with the abovementioned recipient of Units whereby the Company has agreed to exchange, at any time subsequent to six months from issuance at the demand of the purchaser, any and all Preferred Shares owned by that purchaser through either the purchase of the Units or exercise of the Warrants into an equivalent number of shares of the company’s common stock.

#### NOTE 17. SUBSEQUENT EVENTS

On October 7, 2008, a Complaint (“Complaint”) was filed in the District Court of Clark County Nevada against the Company, the Company’s Chairman, and BMXP (currently named Freedom Environmental Services, Inc.) (collectively “Defendants”) by Princeton Research, Inc. (“Princeton”) seeking to recover unspecified General damages in excess of \$10,000, unspecified specific damages, an order from the court declaring that the defendants fraudulently conveyed assets from BMXP to the Company, attorney’s fees and cost of suit based on allegations that the sale of BMSG to the Company as well as the name change and cessation of operations of BMXP constitute a breach of contract by , fraudulent conveyance by, and unjust enrichment of the Defendants. The Company believes that the allegations in the complaint are without merit and intends to vigorously defend its interests in this matter. At this time, it is not possible to predict the ultimate outcome of these matters. Accordingly, the Company has not recorded any expense or liability for potential amounts associated with these claims.

On October 23, 2008 The Regents of the University of California (“Regents”) and Entest Biomedical, Inc. (“Licensee”) ., a wholly owned subsidiary of the Company executed an Exclusive License Agreement (“ELA”) .

Pursuant to the ELA and subject to the limitations set forth in the ELA, The Regents granted to Licensee an exclusive license (the "License") under The Regents’ interest in Provisional Patent Application No. 61/030,316 entitled “SCREENING TEST FOR GESTATIONAL DIABETES MELLITUS” filed 02/21/2008 (UCLA Case No. 2007-523-1) (“Regents Patent Rights”) in jurisdictions where Regents' Patent Rights exist, to make, have made, use, sell, offer for sale and import Licensed Products (as “Licensed Products” is defined in the ELA) and to practice Licensed Methods (as “Licensed Methods” is defined in the ELA) in all fields of use to the extent permitted by law.

"Licensed Product", as defined in the ELA, means any article, composition, apparatus, substance, chemical, or any other material covered by Regents' Patent Rights or whose manufacture, use or sale would, absent the license granted under the ELA, constitute an infringement, inducement of infringement, or contributory infringement, of any claim within Regents' Patent Rights, or any service, article, composition, apparatus, chemical, substance, or any other material made, used, or sold by or utilizing or practicing a Licensed Method.

"Licensed Method", as defined in the ELA, means any process, service, or method which is covered by Regents' Patent Rights or whose use or practice would, absent the license granted under the ELA, constitute an infringement, inducement of infringement, or contributory infringement, of any claim within Regents' Patent Rights.

Pursuant to the ELA, Licensee shall be obligated to pay to The Regents for sales by Licensee and sublicensees :

(i) an earned royalty of Six percent (6%) of Net Sales of Licensed Products or Licensed Methods.

(ii) a minimum annual royalty of Fifty thousand dollars (\$50,000) for the life of Regents' Patent Rights, beginning one year after the first commercial sale of Licensed Product. The minimum annual royalty will be credited against the earned royalty due and owing for the calendar year in which the minimum payment was made.

(iii) pay to The Regents a license maintenance fee of Five thousand dollars (\$5,000) beginning on the one-year anniversary date of the effective date of the ELA and continuing annually on each anniversary date of the Effective Date. The maintenance fee will not be due and payable on any anniversary date of the effective date if on that date Licensee is commercially selling a Licensed Product and paying an earned royalty to The Regents on the sales of that Licensed Product.

Pursuant to the ELA, the Licensee is also obligated to:

(a) diligently proceed with the development, manufacture and sale ("Commercialization") of Licensed Products and must earnestly and diligently endeavor to market them within a reasonable time after execution of the ELA and in quantities sufficient to meet the market demands for them.

(b) endeavor to obtain all necessary governmental approvals for the Commercialization of Licensed Products.

Unless otherwise terminated by operation of law or by acts of the parties in accordance with the terms of the ELA, the ELA remains in effect for the life of the last-to-expire patent or last to be abandoned patent application in Regents' Patent Rights, whichever is later.

#### ITEM 8 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On October 20, 2008, we dismissed the firm of Chang G. Park, CPA ("Park") as the Company's independent registered public accounting firm. The decision to dismiss Park was recommended and approved by our board of directors.

Park's report of our financial statements for the fiscal year ended September 30, 2007 did not contain any adverse opinion or disclaimer of opinion, nor was modified as to uncertainty, audit scope, or accounting principles with the exception of an explanatory paragraph which noted that there was substantial doubt as to our ability to continue as a going concern.

Park's report of our financial statements for the fiscal year ended September 30, 2006 did not contain any adverse opinion or disclaimer of opinion, nor was modified as to uncertainty, audit scope, or accounting principles with the exception of an explanatory paragraph which noted that there was substantial doubt as to our ability to continue as a going concern.

During the most recent fiscal years ended September 30, 2007 and 2006 and through any subsequent interim period preceding Park's dismissal as our independent accountant on October 20, 2008 there were no disagreements with Park on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the former accountant's satisfaction, would have caused it to make reference to the subject matter of the disagreement in connection with its report.

None of the following events occurred within our two most recent fiscal years and the subsequent interim period preceding Park's dismissal:

a.

Park advised us that the internal controls necessary for us to develop reliable financial statements do not exist;

b.

Park advised us that information has come to Park's attention that has led it to no longer be able to rely on management's representations, or that has made it unwilling to be associated with the financial statements prepared by management;

c.

(1) Park advised us of the need to expand significantly the scope of its audit, or that information has come to Park's attention during such time period that if further investigated may:

i.

Materially impact the fairness or reliability of either: a previously issued audit report or the underlying financial statements; or the financial statements issued or to be issued covering the fiscal period(s) subsequent to the date of the most recent financial statements covered by an audit report (including information that may prevent it from rendering an unqualified audit report on those financial statements), or

Cause it to be unwilling to rely on management's representations or be associated with the Company's financial statements, and

(2) Due to Park's dismissal or for any other reason, Park did not so expand the scope of its audit or conduct such further investigation; or

d.

(1) Park advised us that information has come to Park's attention that it has concluded materially impacts the fairness or reliability of either (i) a previously issued audit report or the underlying financial statements, or (ii) the financial statements issued or to be issued covering the fiscal period subsequent to the date of the most recent financial statements covered by an audit report (including information that, unless resolved to Park's satisfaction, would prevent it from rendering an unqualified audit report on those financial statements), and

(2) Due to Park's dismissal, or for any other reason, the issue has not been resolved to Park's satisfaction prior to its dismissal.

(b) On October 20, 2008, our Board of Directors approved the engagement of Moore & Associates, Chartered ("Moore"), as our independent auditor and independent registered public accounting firm. On October, 20, 2008 we engaged Moore as our independent auditor and independent registered public accounting firm. Until the appointment by our Board of Directors, there was no prior relationship between us and Moore.

#### ITEM 8A - CONTROLS AND PROCEDURES

Based on his evaluation as of September 30, 2008,, our principal executive officer and principal financial officer, David Koos, has concluded that our disclosure controls and procedures as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the Exchange Act) are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation and up to the filing date of this Annual Report on Form 10-KSB. There were no significant deficiencies or material weaknesses, and therefore there were no corrective actions taken.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

#### ITEM 8B - OTHER INFORMATION

Not Applicable

#### PART III

#### ITEM 9 - DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

##### Directors and executive officers

The following table sets forth certain information regarding the current Directors and Executive Officers of the Company as of December 15, 2008. Each director holds office from election until the next annual meeting of stockholders or until their successors is duly elected and qualified.

Name	Age	Position
David R. Koos	49	Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO
Brian Pockett	53	Vice President and COO, Director

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David R. Koos, Ph.D. & DBA (49) - Chairman and CEO, Secretary, Acting CFO

Dr. Koos has served as our CEO, President, Secretary, and Acting CFO since June 19, 2006, and as Chairman of our board of Directors since June 14, 2006. Over the past five years, Dr. Koos either is currently, or has previously been employed as: Chairman, Chief Executive Officer, Secretary & Acting Chief Financial Officer of both BMXP Holdings, Inc. and BMSG (December 6, 2004 to Present), Managing Director & President of Cell Source Research Inc. (December 5, 2001 to Present) Managing Director & President of Venture Bridge Inc. (November 21, 2001 to Present) Board Member, Chief Financial Officer & Secretary of Cell Bio-Systems Inc., a New York corporation currently operating under the name Franklin Scientific, Inc. (July 17, 2003 to December 1, 2003) and as a Registered Representative of Amerivet Securities, Inc. (March 31, 2004 to Present and also from November, 2000 to May, 2002). In addition, Dr. Koos has been involved with investment banking, venture capital, and investor relations for the past 20 years. He has worked with several major Wall Street Investment Banks and was a Vice-President of Investments with Sutro & Co., Everen Securities and Dean Witter. Dr. Koos holds the following securities licenses: NASD Series 7 (General Securities), and Series 24 (Securities Managing Principal).

Dr. Koos' educational background includes two doctoral degrees. His first doctorate is a Doctor of Philosophy degree (Ph.D.) in Economic Sociology (2003). Dr. Koos' PhD studies in Sociology were done at the University of California, Riverside, which he left prior to completing his Ph.D. degree.

Dr. Koos completed his Ph.D. studies at Atlantic International University (a non-accredited institution based in Honolulu, Hawaii) where he was allowed 120 units in transfer credits in support of being admitted on an ABD (All But Dissertation) basis for a joint PhD/DBA program. Subsequent to the transfer credits, he completed an additional 91 units at Atlantic International University. His dissertation for his Ph.D. in Sociology, "Examining the Efficacy of Telemarketing Fundraisers as a Venture Capital Alternative in the Biotechnology Industry." focused on applied research in Telemarketing and Venture Capital Fundraising and is available directly through Atlantic International University. His second doctorate, a Doctor of Business Administration (DBA), specialized in Corporate Finance (2003), focusing on the process of Public Trading, Direct Public Offerings and Synthetic Reverse Mergers. Both of these degrees are the result of studies and research completed through Atlantic International University (a non-accredited institution). The dissertation for Dr. Koos' D.B.A. in Finance was titled "De-Coupling A Reverse Merger to facilitate a Direct Public Offering's Time to Market: A Case Study Testing the value of a Synthetic Reverse Merger in Achieving Public Trading Status". Prior to obtaining these two doctoral degrees, Dr. Koos received a Master of Arts degree in the Economic Sociology from the University of California, Riverside, California (1983). David R. Koos, our Chief Executive Officer, has been the subject of the following securities related regulatory actions:

On June 26 - 28 of 2001 the New York Stock Exchange (NYSE) held an administrative hearing panel regarding Mr. David Koos' handling of a client's account while he was at Everen Securities. Mr. Koos has not been employed by Everen over the last five years. The panel found Mr. Koos had engaged in excessive, unsuitable and discretionary trading in a client's account. The NYSE found Mr. Koos guilty of the aforementioned and suspended him from association with the NYSE and its affiliates for a period of 9 months. On appeal, the Enforcement Division requested the suspension be 18 months, which was upheld by the Appeal Board.

The suspension began on May 10, 2002 at the close of business and lasted until November 10, 2003. The NYSE took no further action at the end of the suspension. David Koos' securities licenses (NASD Series 7 and Series 24) were re-instated with Amerivet Securities Inc. on March 31, 2004. Amerivet's business is currently on hold as the CEO is on deployment in Iraq.

On December 7, 1999 First Union Securities (formerly known as Everen Securities) and Thomas Monahan settled with Dr. Jan Yanda for the sum of \$55,000. The claim made by Dr. Yanda to the NASD (Case # 98-03797) was that Mr. Monahan and his then partner David Koos mishandled her account in failing to correctly advise her on the

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liquidation of an annuity contract. Dr. Yanda asserted that she was not aware of any tax consequences in withdrawing funds from her annuity. Mr. Koos was named as a result of being in a then partnership with Mr. Monahan while they worked together at Everen Securities. In the terms of the settlement, \$55,000 was paid to Dr. Yanda by First Union Securities (formerly Everen Securities) At the time the claim was filed, David Koos was no longer working for First Union Securities (formerly known as Everen Securities). The matter was fully settled by First Union Securities (formerly Everen Securities) and there are no outstanding issues in this matter.

Education:

DBA - Finance (December 2003)  
Atlantic International University  
Non-Accredited University

Ph.D. - Sociology (Economic Sociology - September 2003)  
Atlantic International University  
Non-Accredited University

MA - Sociology (Economic Sociology - June 1983)  
University of California - Riverside, California  
Fully Accredited

Five Year Employment History:

Position:	Company Name:	Employment Dates:
Chairman, President, CEO and Acting CFO	Bio-Matrix Scientific Group, Inc.	June 14, 2006 (Chairman) to Present June 19, 2006 (President, CEO and Acting CFO) June 19, 2006 (Secretary) to Present
Chairman, Chief Executive Officer, Secretary & Acting Chief Financial Officer	Frezer Inc.	May 2, 2005 to February 2007
Chairman, Chief Executive Officer, Secretary & Acting Chief Financial Officer	BMXP Holdings, Inc. BMSG	December 6, 2004 to Present
Managing Director & President	Cell Source Research Inc.	December 5, 2001 to Present

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Managing Director & President	Venture Bridge Inc.	November 21, 2001 to Present
Member of the Board of Directors, Chief Financial Officer & Secretary	Cell Bio-Systems Inc. (New York)	July 17, 2003 to December 1, 2003
Registered Representative	Amerivet Securities Inc.*	March 31, 2004 to Present  (Previously employed: November, 2000 to May, 2002)

\* Amerivet Securities Inc. is currently not active as the Chief Executive Officer is on deployment in Iraq through the U.S. Army Reserves.

Brian Pockett (53) - Managing Director and COO

Brian Pockett has served as our Vice President and COO since June 19, 2006 and as a Director since June 14, 2006. Mr. Pockett has over twenty-nine years of professional experience in operations, marketing, sales, financial and grant development. Prior to assuming his positions with us, Mr. Pockett founded PD&C, a private consulting firm and has served as a consultant to some of the largest companies in North America including Disney, SONY, Nintendo, Acclaim Entertainment and UFO. Mr. Pockett has not been affiliated with PD&C during the past five years. The scope of client projects expanded into the areas of global distributing, product development, commercialization, investment and intellectual properties. Mr. Pockett served as an Executive Vice President of Operations for Metropolis Publications and as Sr. Vice President of Marketing and Sales for Slawson Communications.

Education:

Ordination - Ordained Minister  
Crestmont College - Rancho Palos Verdes, CA (Accredited thru Azusa Pacific University)  
June 11, 1979

Advanced Teachers Training Certificate  
Crestmont College - Rancho Palos Verdes, CA  
Evangelical Teachers Training Association  
June 11, 1979

Associate of Arts - Business

Azusa Pacific University - Azusa, CA  
June 1977

Christian Education Administration Certificate  
George Fox College - Portland, OR  
June 1983

Five Year Employment History:

Position:	Company Name:	Employment Dates:
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Vice President, COO and Director	Bio-Matrix Scientific Group, Inc.	June 19, 2006 (Vice President and COO) to Present June 14, 2006 (Director) to Present
Managing Director & Chief Operating Officer	Frezer Inc.	May 2, 2005 to February 2007
Managing Director & Chief Operating Officer	BMXP Holdings, Inc. BMSG	December 6, 2004 to Present
Business Development Consultant	Cell Bio-Systems Inc. (New York)	April 1, 2003 to November 30, 2004
Sales & Marketing Consultant	North County Times	July 1, 2002 to March 15, 2003
Independent Magazine Contractor	DaVinci	January 1, 2000 to June 30, 2002
Independent Magazine Contractor	Digital Diner	January 1, 2000 to June 30, 2002
Independent Magazine Contractor	Shock Waves	January 1, 2000 to June 30, 2002

Significant Employees

Geoffrey O'Neill, PhD (57) - Chief Scientific Advisor

Since August 9, 2006, Dr. Geoffrey O'Neil, is an independent contractor and not as an employee, has served as our Chief Scientific Advisor.

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Dr. Geoffrey O'Neill received his Ph.D. in Immunology from the University of Glasgow in 1973.

In 1974, he undertook post-doctoral training under the guidance of Dr. Robert A Good (who performed the first bone marrow transplantation in a patient with immunodeficiency) at Memorial Sloan-Kettering Cancer Center in New York. Dr. O'Neill's field of study at Sloan-Kettering was transplantation immunobiology. Dr. O'Neill was a Research Fellow with Dr. Robert A. Good from 1974 - 1976. No formal certification of this training was provided to any of Dr. Good's Fellows.

In 1982, Dr. O'Neill was the recipient of the Jean Julliard Prize for Outstanding Research. This Award was granted by the International Society of Blood Transfusion, presented in Budapest, Hungary. The International Society of Blood Transfusion is a scientific society, founded in 1935 which brings together professionals involved in blood transfusion and transfusion medicine from more than 85 countries.

In April 1975, Dr. O'Neill was awarded the JM Foundation Award from the JM Foundation; a New York based philanthropic organization that makes grants (awards) to various organizations and institutions. The JM Foundation award is given to post doctoral trainees by merit of their research. This award, which was given to Dr, O'Neill while a post doctoral fellow at Memorial Sloan-Kettering Cancer center, resulted in a grant to Memorial Sloan-Kettering Cancer Center.

Dr. O'Neill's academic career covers tenures as Visiting Professor, NIH-RCMI Program, University of Puerto Rico, School of Medicine, San Juan; Associate Professor of Pathology and Assistant Medical Director, Transfusion Medicine, University of Miami, Jackson Memorial Hospital; Visiting Professor, Institute of Immunology, University of Munich, FRG; Associate Professor of Graduate Medical Sciences, Cornell University School of Medicine New York. Dr. O'Neill has authored and co-authored over 90 publications of which 87 primarily focused on the field of bone marrow transplantation and 3, co- authored by Dr. O'Neill, primarily focused on stem cell biology. Three publications were co-authored with Dr. Good, of which one primarily focused on stem cell biology Dr. O'Neill was employed by Cryo-Cell International as Laboratory and Scientific Director from April 1999 through July 2003.

Education:

Ph.D. - Immunology (1973)  
University of Glasgow  
Glasgow, Scotland

B.Sc. - Microbiology (1970)  
University of Glasgow  
Glasgow, Scotland

Five Year Employment History:

Position:	Company Name:	Employment Dates:
Chief Scientific Advisor	Bio-Matrix Scientific Group, Inc.	August 9, 2006 to present
President	Frezer Inc., San Diego , CA	May 2, 2005 to present
President	BMXP Holdings, Inc., San Diego, CA	March, 2005 to present
Consultant in Biotechnology	Self employed, Tarpon Springs FL	July, 2004 to March, 2005
Laboratory and Scientific Director		April, 1999 to June, 2004

Cryo-Cell International Inc,  
Clearwater, FL

Publications co- authored by Dr. O'Neill primarily focused on stem cell biology

1. Kagan, W. A.; O'Neill, G. J.; Incefy, G. S.; Goldstein, G.; Good, R. A.: Induction of human granulocyte differentiation in vitro by ubiquitin and thymopoietin. *Blood* 50:275, 1977
2. O'Neill GJ, Yang SY, DuPont B: Two HLA-linked loci controlling human complement C4. *Proc. Natl. Acad Sci. USA* 75:5165, 1978
3. Maharaj D, Lewis-Ximenez, Riley R, Gomez O, and O'Neill GJ: Serum G-CSF levels in patients undergoing G-CSF/chemotherapy mobilized peripheral stem cell harvest. *Blood* 84:1380, 1994

All journals which have published articles authored or co- authored by Dr.O'Neill.

Immunology

Annals of Immunology

Journal of Reticuloendothelial Society

Journal of Immunology

Blood

Cellular Immunology

Proceedings of the National Academy of Science (USA)

Nature

Transplantation Proceedings

New England Journal of Medicine

Transplantation

Immunobiology

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Tissue Antigens

American Journal of Human Genetics

Clinical Immunology and Immunopathology

Family Relationships

There are no family relationships between Dr. Koos, Mr. Pockett and Dr. O'Neill.

Committees:

Plan Committee, TASC0 HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

On July 25, 2006 we adopted the TASC0 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 us or any Parent or Subsidiary of us (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 delegated directors.

Plan Committee, BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

On June 3, 2007 we 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 us or any Parent or Subsidiary of us ( 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 our 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 our entire Board of Directors , 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 our Articles of Incorporation 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 of our directors who are our executive officers, 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.

#### Audit Committee.

We do not have a financial expert serving on our Board of Directors. We are currently in the process of establishing an Audit Committee and are also in the process of locating, nominating, and appointing to our Board of Directors one or more individuals who would qualify as Audit Committee Financial Experts, as that term is defined in Regulation SB Item 401, to serve on the Audit Committee when established. Currently, the entire Board of Directors serves as the Audit Committee.

#### Involvement in certain legal proceedings.

During the past five years, no current officer, director or control person of Bio-matrix Scientific Group, Inc. has:

·Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

·Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

·Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and

·Being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

#### Director's Compensation.

We do not provide any Director's Compensation at this time.

#### Code of Ethics.

We have adopted a Code of Business Conduct and Ethics (the "Code") that applies to our Directors, officers and employees. The Code is filed as Exhibit A of our Information Statement Pursuant to Section 14(c) of the Securities Exchange Act of 1934 filed with the Commission on August 11, 2006. A written copy of the Code will be provided upon request at no charge by writing to our Chief Executive Officer, David Koos, at:

DR. DAVID KOOS  
BIO-MATRIX SCIENTIFIC GROUP, INC.  
8885 REHCO RD. SAN DIEGO CA 92121.

#### Section 16(a) Beneficial Ownership Compliance.

#### Section 16(a) Beneficial Ownership Compliance.

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file with the Securities and Exchange

Commission initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our common stock and other equity securities, on Forms 3, 4 and 5 respectively. Executive officers, directors and greater than 10% shareholders are required by the Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) reports they file. Such persons are further required by SEC regulation to furnish us with copies of all Section 16(a) forms (including Forms 3, 4 and 5) that they file. Based solely on our review of the copies of such forms received by us with respect to fiscal year 2008, or written representations from certain reporting persons, we believe all of our directors and executive officers met all applicable filing requirements, except as described in this paragraph:

BMXP Holdings Shareholder Business Trust, a beneficial owner of over 10% of our shares outstanding, filed one late Form 4

Brian Pockett, an Officer and Director, filed 1 late Form 4

David Raymond Koos, an Officer Director and beneficial owner of over 10% of our shares outstanding, filed one late Form 4

#### 10 - EXECUTIVE COMPENSATION

The following table sets forth information relating to the annual and long-term compensation for the fiscal year ended September 30, 2008:

SUMMARY COMPENSATION TABLE									
Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation (\$)	All Other Compensation (\$)	Total (\$)
Dr. David Koos Chairman, CEO and President	October 1, 2007 to September 30, 2007	\$7500*						\$5576	\$13,076
Mr. Brian Pockett Vice President, COO and Director	October 1, 2006 to September 30, 2008	\$86,200						\$15,870	\$102,070

The following table sets forth information relating to the annual and long-term compensation for the fiscal year ended September 30, 2007:

SUMMARY COMPENSATION TABLE									
Name and principal position	Year	Salary (\$)	Bonus (\$)(b)	Stock Awards (\$)(c)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(d)	Total (\$)
Dr. David Koos Chairman, CEO and President	October 1, 2006 to September 30, 2007	\$10,000**	\$8,000	\$197,600				\$4,446	\$220,046
Mr. Brian Pockett Vice President, COO and Director	October 1, 2006 to September 30, 2007	\$49,000	\$6,400	\$76,550				\$12,800	\$144,750

Currently, neither of Dr. David Koos or Mr. Brian Pockett is party to an employment agreement with us.

\* Does not include \$150,000 in Accrued Compensation outstanding as of September 30, 2008

\*\* Does not include \$12,000 in Accrued Compensation outstanding as of September 30, 2007.

(b) Bonus was granted in Common Shares issued pursuant to the TASCO HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

(c) Stock Awards issued pursuant to TASCO HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN and BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

(d) Premiums paid by us for employee's health insurance.

Neither of Dr. Koos or Mr. Pockett is party to an executed employment agreement. We are currently compensating Dr. Koos \$12,000 per month for his services, exclusive of any bonuses or benefits. We are currently compensating Mr. Pockett \$7,000 per month for his services, exclusive of any bonuses or benefits.

#### ITEM 11 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth information as of the close of business on December 9, 2008, concerning shares of our common stock beneficially owned by (i) each director; (ii) each named executive officer; (iii) by all directors and executive officers as a group; and (iv) each person known by the Company to own beneficially more than 5% of the outstanding shares of common stock.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Common	David R. Koos (a)(b)	4,585,227	17%

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	C/o Bio-Matrix Scientific Group, Inc 8885 REHCO RD. SAN DIEGO CA 92121		
Common	Brian Pockett C/o Bio-Matrix Scientific Group, Inc 8885 REHCO RD. SAN DIEGO CA 92121	1,810,003	7%
Common	BMXP Holdings Shareholder Business Trust 1010 University Ave #40, San Diego, CA 92103	250,240	
Common	All Officers and Directors As a Group(a)(b)(c)	6,395,230	24%

(a) Includes 250,240 Common Shares owned by BMXP Holdings Shareholder Business Trust. David R. Koos is the Trustee of BMXP Holdings Shareholder Business Trust. (b) Includes shares owned by Bombardier Pacific Ventures Inc., which is wholly owned by David Koos and AFN Trust for which David Koos serves as Trustee. (c) Combined holdings of BMXP Shareholder Business Trust, David Koos' direct holdings and Brian Pockett's direct holdings.

The following table sets forth information as of the close of business on December 9, 2008, concerning shares of our preferred stock beneficially owned by (i) each director; (ii) each named executive officer; (iii) by all directors and executive officers as a group; and (iv) each person known by the Company to own beneficially more than 5% of the outstanding shares of common stock.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Preferred	David R. Koos (a)(b) C/o Bio-Matrix Scientific Group, Inc 8885 REHCO RD. SAN DIEGO CA 92121	524,073	9%
Preferred	Brian Pockett C/o Bio-Matrix Scientific Group, Inc 8885 REHCO RD. SAN DIEGO CA 92121	6,723	*Less than 1%
Preferred	BMXP Holdings Shareholder Business Trust 1010 University Ave #40, San Diego, CA 92103	458,503	8%
Preferred	All Officers and Directors As a Group(c)	530,776	9%

(a) Includes 458,503 Preferred Shares owned by BMXP Holdings Shareholder Business Trust. David R. Koos is the Trustee of BMXP Holdings Shareholder Business Trust. (b) Includes shares owned by Bombardier Pacific Ventures Inc., which is wholly owned by David Koos (c) Combined holdings of BMXP Shareholder Business Trust, David Koos' direct holdings and Brian Pockett's direct holdings.

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The following table sets forth information as of the close of business on December 9, 2008, concerning shares of our Series AA preferred stock beneficially owned by (i) each director; (ii) each named executive officer; (iii) by all directors and executive officers as a group; and (iv) each person known by the Company to own beneficially more than 5% of the outstanding shares of common stock.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Series AA Preferred	David R. Koos C/o Bio-Matrix Scientific Group, Inc 8885 REHCO RD. SAN DIEGO CA 92121	4,852	100%
Series AA Preferred	All Officers and Directors As a Group	4,852	100%

#### ITEM 12 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On June 14, 2006, we and Bio-Matrix Scientific Group, Inc., a Delaware corporation currently named BMXP Holdings, Inc. (the "Seller") entered into a Stock Purchase Agreement (the "Acquisition Agreement").

On June 14, 2006, our 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

Under the terms of the Acquisition Agreement and pursuant to a separate Escrow Agreement between us and the Seller, We 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 and wholly owned subsidiary of the Seller. As a part of the transaction and pursuant to the terms of the Acquisition Agreement and Stock Cancellation Agreement between the parties and John Lauring, our former Chairman and Chief Executive Officer, John Lauring returned 10,000,000 shares of the Company held and owned by him for cancellation.

On July 3, 2006, the Acquisition Agreement closed and we acquired the twenty-five thousand (25,000) shares of the Common Stock of BMSG from the Seller in exchange for the payment of the purchase price of

- (a) 10,000,000 shares of our common stock and
- (b) the return for cancellation of 10,000,000 shares of our stock owned and held by John Lauring

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, BMSG became our wholly owned subsidiary and the Seller became the holder of approximately 78.24% of our outstanding common stock as of the closing of the Acquisition.

On July 3, 2006, the Company the Company changed its principal offices from 23 Brigham Road, Worcester, MA 01609 to 8885 Rehco Road, San Diego, California 92121

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 the Seller as well as beneficial owner of 24% of the share capital of the Seller. 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 the Seller as well as beneficial owner of 14% of the share capital of the Seller.

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

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 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 to register under the Securities Act of 1933, as amended, 11,462,570 of our common shares (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 our common shares as of a Record Date to be determined by BMXP), and use our 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. As of June 28, 2007 the shares owned by BMXP were transferred by BMXP to the BMXP Holdings Shareholder Business Trust for the benefit of BMXP Holdings Inc. shareholders of record May 23, 2007.

On April 4, 2007, 985,168 of our common shares 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.

As of September 30, 2008 we are indebted in the aggregate amount of \$77,940 to Bombardier Pacific Ventures pursuant to these borrowings. These amounts are callable at par plus any accrued and unpaid interest by the upon five days written notice, and bears simple interest at 15% maturing, for each amount lent, within one year of issuance.

On July 3, 2008, we issued 4,852 shares of Series AA Preferred Stock (“AA Stock”) to David R. Koos, our Chairman, President and CEO pursuant to the following terms and conditions:

- A) In the event that Koos voluntarily resigns as either President or CEO of the Company prior to July 3, 2018 the AA Stock shall be returned to the Company.
- B) In the event of the death of Koos prior to July 3, 2018 the AA Stock shall be returned to the Company.
- C) Upon the expiration of a continuous period of two hundred forty (240) calendar days during which Koos is unable to perform his material duties as President or CEO due to physical or mental incapacity the AA Stock shall be returned to the Company.
- D) Upon Koos’ conviction in a court of competent jurisdiction for a felony or any crime involving fraud or misrepresentation the AA Stock shall be returned to the Company.





The AA Stock issued to Koos are the only shares of Series AA Preferred Stock outstanding as of July 15, 2008.

On September 29, 2008, we purchased 1,000,000 of the common shares of Freedom Environmental Services, Inc. (“FESI shares”) from Bombardier Pacific Ventures, Inc. for consideration consisting of a Promissory Note (“Note”) in the principal amount of \$500,000 issued by us to Bombardier.

Pursuant to the terms and conditions of the Note, the entire principal amount of \$500,000 together with accrued simple interest of 10% per annum, is due and payable to Bombardier on November 29, 2009.

None of our Directors may be considered independent under the independence standards applicable to the small business issuer under paragraph (a)(1) of Item 407 of Regulation SB.

#### ITEM 13 - EXHIBITS

##### EXHIBIT INDEX

##### EXHIBIT NUMBER

##### DESCRIPTION

31.1	CERTIFICATION BY CEO PURSUANT TO SECTION 302 OF SARBANES OXLEY ACT
32.1	CERTIFICATION BY CEO PURSUANT TO SECTION 906 OF SARBANES OXLEY ACT
31.2	CERTIFICATION BY CEO PURSUANT TO SECTION 302 OF SARBANES OXLEY ACT
32.2	CERTIFICATION BY CFO PURSUANT TO SECTION 906 OF SARBANES OXLEY ACT

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## ITEM 14 - PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees billed to us by Chang G. Park :

	Period beginning Oct 1, 2006 and ending September 30, 2007
Audit Fees	\$ 11,000
Audit Related Fees	4,500
Tax Fees	
All Other Fees	
	\$ 15,500

**Audit Fees:** Aggregate fees billed for professional services rendered for the audit of the Company's annual financial statements.

**Audit Related Fees:** Aggregate fees billed for professional services rendered for assurance and related services that were reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees" above. In 2007 these fees were primarily derived from review of financial statements in the Company's Form 10QSB Reports.

All services listed were pre-approved by the Board of Directors, functioning as the Audit Committee in accordance with Section 2(a) 3 of the Sarbanes-Oxley Act of 2002.

The Board has considered whether the services described above are compatible with maintaining the independent accountant's independence and has determined that such services have not adversely affected Chang G Park's independence.

	Period beginning Oct 1, 2007 and ending September 30, 2008
Audit Fees	
Audit Related Fees	\$ 12,000
Tax Fees	
All Other Fees	
	\$ 12,000

**Audit Fees:** Aggregate fees billed for professional services rendered for the audit of the Company's annual financial statements.

**Audit Related Fees:** Aggregate fees billed for professional services rendered for assurance and related services that were reasonably related to the performance of the audit or review of our financial statements and are not reported

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under "Audit Fees" above. In 2006 these fees were primarily derived from review of financial statements in the Company's Form 10QSB Reports.

All services listed were pre-approved by the Board of Directors, functioning as the Audit Committee in accordance with Section 2(a) 3 of the Sarbanes-Oxley Act of 2002.

The Board has considered whether the services described above are compatible with maintaining the independent accountant's independence and has determined that such services have not adversely affected Chang G Park's independence.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities on the dates indicated.

BIO-MATRIX SCIENTIFIC GROUP, INC.

By: /s/ David R. Koos  
David R. Koos  
Chairman, CEO and President

Dated: 12/18/08