Bio-Matrix Scientific Group, Inc.
Form 10-Q/A
December 27, 2013

FORM 10-Q/A

Amendment No. 5

Quarterly Report under Section 13 or 15 (d) of

Securities Exchange Act of 1934

For Period ended March 31, 2013

Commission File Number 0-32201

BIO-MATRIX SCIENTIFIC GROUP, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**33-0824714**
(State of Incorporation)	(I.R.S. Employer Identification No.)
4700 Spring Street, Suite 304, La Mesa, California	**91942**
(Address of Principal Executive Offices)	(Zip Code)

(619) 702-1404

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934) (check one): Yes No

There were 2,810,513,321 Common shares outstanding as of December 23, 2013.

EXPLANATORY NOTE

THIS AMENDMENT NO.4 TO BIO-MATRIX SCIENTIFIC GROUP, INC'S (THE "COMPANY") FORM 10-Q FOR THE PERIOD ENDED MARCH 31, 2013 ("FORM 10-Q") IS BEING FILED SOLELY TO AMEND THE FOLLOWING PORTIONS OF THE FORM 10-Q ("ORIGINAL FILING").

PART 1, ITEM 1 FINANCIAL STATEMENTS

THE COMPANY HAS NOT MODIFIED OR UPDATED DISCLOSURES PRESENTED IN THE ORIGINAL FILING, EXCEPT AS INDICATED ABOVE. ACCORDINGLY, THIS AMENDMENT DOES NOT REFLECT EVENTS OCCURRING AFTER THE DATE OF THE ORIGINAL FILING AND DOES NOT MODIFY OR UPDATE THOSE DISCLOSURES AFFECTED BY SUBSEQUENT EVENTS, EXCEPT AS SPECIFICALLY REFERENCED HEREIN. INFORMATION NOT AFFECTED BY THE ABOVE AMENDMENTS IS UNCHANGED AND REFLECTS THE DISCLOSURES MADE AT THE TIME OF THE ORIGINAL FILING.

PART I - ITEM 1 FINANCIAL INFORMATION

BIOMATRIX SCIENTIFIC GROUP, INC.
(A Development Stage Company)
CONDENSED CONSOLIDATED BALANCE SHEET

	As of March 31, 2013 Unaudited	As of September 30, 2012
ASSETS		
CURRENT ASSETS:		
Cash	$10,684	75,752
Prepaid expenses	15,000	15,000
Total current assets	25,684	90,752
PROPERTY & EQUIPMENT (Net of Accumulated Depreciation	0	0
OTHER ASSETS		
Deposits	4,200	4,200
Deferred Financing Costs	65,000	65,000
Investment in Subsidiary	—	—
Available for Sale Securities	35,000	22,000
Total Other Assets	104,200	91,200
TOTAL ASSETS	$129,884	181,952
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$147,844	133,039
Notes payable	479,950	817,020
Bank Overdraft	2,286	—
Accrued Payroll	543,192	307,692
Accrued Payroll Taxes	31,411	27,769
Accrued Interest	225,437	210,069
Accrued Expenses	5,000	5,000
Convertible Note Payable Net of Unamortized Discount	367,867	300,509
Due to Affiliate	34,865	39,140
Current portion, note payable to affiliated party	1,000	1,000
Total current liabilities	1,838,882	1,841,238
TOTAL LIABILITIES	$1,838,882	1,841,238
Stockholders’ equity (deficit):		

Preferred Stock ($.0001 par value) 20,000,000 shares authorized; 20,000,000 shares authorized; 1,963,821 issues and outstanding as of March 31, 2013 and September 30 2012	197	197
Series AA Preferred ($0.0001 par value) 100,000 shares authorized 94,852 issued and outstanding as of March 31, 2013 and September 30, 2012	9	9
Series B Preferred Shares ($.0001 par value) 2,000,000 shares authorized; 725,409 issued and outstanding as of March 31, 2013 and September 30 , 2012 respectively	73	73
Common Stock ($.0001 par value) 2,000,000,000 shares authorized; 1,360,232,659 and 323,507,887 issued and outstanding as of March 31, 2013 and September 30 , 2012 respectively	136,022	32,350
Non Voting Convertible Preferred Stock ($1 Par value) 200,000 shares authorized;75,000 and 75,000 issued and outstanding as of September 30, 2012 and March 31, 2013	75,000	75,000
Additional Paid-in Capital	13,862,550	12,490,780
Contributed Capital	509,355	509,355
Retained Earnings (Deficit) accumulated during the development stage	25,009,157	26,547,311
Accumulated other comprehensive income (loss)	(41,301,361)	(41,314,361)
Total stockholders' equity (deficit)	(1,708,998)	(1,659,286)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$129,884	181,952

The Accompanying Note are an Integral Part of These Financial Statements.

BIO MATRIX SCIENTIFIC GROUP, INC.
(A Development Stage Company)
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	(unaudited) 3 months ended March 31, 2013	(unaudited) 3 months ended March 31, 2012	(unaudited) 6 months ended March 31, 2013	(unaudited) 6 months ended March 31, 2012	(unaudited) From inception through March 31, 2013
REVENUES	$—	$—	$—	$—	$—
COST AND EXPENSES					
Research and Development			6,509		1,279,395
General and Administrative	800,531	76,665	973,648	189,743	7,872662
Depreciation and Amortization					2,668
Consulting and Professional Fees	15,671	29,515	71,319	58,241	5,095,265
Impairment of Goodwill and Intangibles					34,688
Total Costs and Expenses	816,202	106,180	1,051,476	247,984	14,284,678
OPERATING LOSS	(816,202)	(106,180)	(1,051,476)	(247,984)	(14,284,678)
OTHER INCOME & (EXPENSES)					
Interest Expense	(9,965)	(34,162)	(19,918)	(48,939)	(433,592)
Loss on Early Extinguishment of Debt					(41,688)
Interest Expense attributable to amortization of discount	(115,321)	(20,643)	(431,537)	(22,402)	(805,875)
Interest Income					306
Securities issued pursuant to contractual obligations			(35,223)		(101,595)
Other Income					176,916
Gain on de-consolidation of subsidiary					41,645,688
Loss on sale of Available for Sale Securities			(487,900)		
Loss on disposal of Equipment					(531,571)
Other Expense					(166)

Other Losses attributable to subsidiary					
Total Other Income & (Expense)	(125,286)	(54,805)	(486,678)	(71,341)	39,420,523
NET INCOME (LOSS)	(941,488)	(160,985)	(1,538,154)	(319,325)	25,135,845
(Net Income) Loss attributable to noncontrolling interest					536,961
NET INCOME (LOSS) before equity in losses of subsidiary		(160,985)		(319,325)	25,672,806
Equity in Net Income (Loss) of Entest		(343,749)		(399,082)	(663,649)
NET INCOME (LOSS) attributable to common shareholders	$(941,488)	$(504,734)	$(1,538,154)	$(718,407)	$25,009,157
BASIC AND FULLY DILUTED EARNINGS (LOSS)	$(0.0008)	$(0.0070)	$(0.0018)	$(0.01)	
Weighted average number of shares outstanding	1,136,084,829	72,189,747	838,129,516	72,189,747	

The Accompanying Notes are an Integral Part of These Financial Statements

BIO-MATRIX SCIENTIFIC GROUP, INC.
(A Development Stage Company)
Condensed Consolidated Statement of Cash Flows

	(unaudited) Six Months Ended March 31, 2013 (Restated)	(unaudited) Six Months Ended March 31, 2012	(unaudited) From inception to March 31, 2013 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (loss)	$(1,538,154)	$(718,407)	$25,009,157
Adjustments to reconcile net Income to net cash (used in) provided by operating activities:			
Depreciation expense	—	—	2,667
Stock issued for compensation to employees	26,400	—	1,253,551
Stock issued for services rendered by consultants	—	—	4,223,130
Stock issued for prepaid expenses	—	—	313,665
Stock issued for interest	4,640	—	143,187
Stock issued for expenses	640,000	—	640,000
Gain recognized on deconsolidation of subsidiary			(42,000,000)
Changes in operating assets and liabilities:			
(Increase) decrease in prepaid expenses	—	—	(15,000)
Increase (Decrease) in Accounts Payable	14,805	—	147,845
Increase (Decrease) in Accrued Expenses	254,510	198,939	834,976
Increase (Decrease) in Bank Overdraft	2,286	—	2,286
Increase (Decrease) in Due to Affiliate	(4,245)	240	34,895
Equity in Loss of Entest	—	399,082	663,649
Net Cash Provided by (Used in) Operating Activities	(599,758)	(120,146)	(8,745,992)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Other Assets	—	—	(4,200)
Purchases of fixed assets	—	—	(541,536)
Disposal of Fixed Assets	—	—	7,300
Loss on Disposal of Equipment	—	—	531,569
Net Cash Provided by (Used in) Investing Activities	—	—	(6,867)
CASH FLOWS FROM FINANCING ACTIVITIES			
Preferred Stock issued for Cash	—	—	874,985
Common Stock issued for Cash	—	—	621,164
Common Stock issued for Accrued Salaries	—	—	424,500
Common Stock issued pursuant to Contractual Obligations	35,223	—	101,595
Additional paid in Capital	390,000	40,909	1,352,945
Principal borrowings on Convertible Debentures	431,537	58,993	1,137,346
Principal borrowings (repayments) on notes and Convertible Debentures	(322,070)	20,157	2,610,459
Net Borrowings From Related Parties	—	—	1,195,196
Contributed Capital	—	—	509,353
Increase (Decrease) in Notes from Affiliated party	—	—	1,000
(Increase) Decrease in Deferred Financing Costs			(65,000)
Net Cash Provided by (Used in) Financing Activities	534,690	120,059	8,763,543
Net Increase (Decrease) in Cash	(65,068)	(87)	10,684
Cash at Beginning of Period	75,752	331	0

Cash at End of Period	$10,684	$244	$10,684
Supplemental Disclosure of Noncash investing and financing activities:			
Common Shares Issued for Debt	$379,179	$—	$2,088,412

The Accompanying Note are an Integral Part of These Financial Statements.

BIO-MATRIX SCIENTIFIC GROUP, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	(unaudited) Quarter Ended March 31, 2013	(unaudited) Quarter Ended March 31, 2012
Net Income	(941,488)	(504,734)
Less: Unrealized Gains (Losses) on Securities	24,000	0
Total Other Comprehensive Income (Loss)	24,000	0
Comprehensive Income	(917,488)	(504,734)

	(unaudited) Six Months Ended March 31, 2013	(unaudited) Six Months March 31, 2012
Net Income	(1,538,154)	(718,407)
Less: Unrealized Gains (Losses)		

on Securities	13,000	0
Total Other Comprehensive Income (Loss)	13,000	0
Comprehensive Income	(1,525,154)	(718,407)

The Accompanying Notes are an Integral Part of These Financial Statements

BIO-MATRIX SCIENTIFIC GROUP, INC.

Notes to condensed consolidated Financial Statements

As of March 31, 2013

The interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by Bio-Matrix Scientific Group Inc. ("the Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these condensed consolidated interim financial statements be read in conjunction with the financial statements of the Company for the period ended September 30, 2012 and notes thereto included in the Company's 10-K annual report. The Company follows the same accounting policies in the preparation of interim reports.

Results of operations for the interim periods are not indicative of annual results.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

As a result of this transaction, the former stockholder of BMSG 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 BMSG under the purchase method of accounting, and was treated as a recapitalization with BMSG 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.

Through its wholly owned subsidiary, Regen BioPharma ,Inc., the Company intends to engage primarily in the development of regenerative medical applications which we intend to license from other entities up to the point of successful completion of Phase I and or Phase II clinical trials after which we would either attempt to sell or license those developed applications or, alternatively, advance the application further to Phase III clinical trials

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. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Bio-Matrix Scientific Group, inc., a Delaware corporation, Bio Matrix Scientific Group, Inc, a Nevada corporation and a wholly owned subsidiary ("BMSG"), Regen BioPharma, Inc., a Nevada corporation and a wholly owned subsidiary (Regen) and Entest BioMedical, Inc., ("Entest"), which was a majority owned subsidiary under common control and a Nevada corporation up to February 3, 2011. Significant inter-company transactions have been eliminated.

C. 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. All estimates are of a normal, recurring nature and are required for the fair presentation of the financial statements. Actual results could differ from those estimates.

D. DEVELOPMENT STAGE

The Company is a development stage company devoting substantially all of its efforts to establish a new business.

E. CASH EQUIVALENTS

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

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.

G. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. A fair value hierarchy requires an entity to maximize the use of observable inputs, where available. The following summarizes the three levels of inputs required by the standard that the Company uses to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's financial instruments as of March 31, 2013 consisted of Securities Available for Sale consisting of 10,000,000 shares of Entest Biomedical, Inc. The fair value of all of the Company's financial instruments as of March 31, 2013 were valued according to the Level 1 input. The carrying amount of the financial instruments is equal to the fair value as determined by the Company

H. INCOME TAXES

The Company accounts for income taxes using the liability method prescribed by ASC 740, "Income Taxes." Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the year in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date.

The Company applied the provisions of ASC 740-10-50, "Accounting For Uncertainty In Income Taxes", which provides clarification related to the process associated with accounting for uncertain tax positions recognized in our financial statements. Audit periods remain open for review until the statute of limitations has passed. The completion of review or the expiration of the statute of limitations for a given audit period could result in an adjustment to the Company's liability for income taxes. Any such adjustment could be material to the Company's results of operations for any given quarterly or annual period based, in part, upon the results of operations for the given period. As of March 31, 2013 the Company had no uncertain tax positions, and will continue to evaluate for uncertain positions in the future.

The Company generated a deferred tax credit through net operating loss carry forward. However, a valuation allowance of 100% has been established.

Interest and penalties on tax deficiencies recognized in accordance with ACS accounting standards are classified as income taxes in accordance with ASC Topic 740-10-50-19.

I. BASIC EARNINGS (LOSS) PER SHARE

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 260, "Earnings Per Share", which specifies the computation, presentation and disclosure requirements for earnings (loss) per share for entities with publicly held common stock. ASC 260 requires the presentation of basic earnings (loss) per share and diluted earnings (loss) per share. The Company has adopted the provisions of ASC 260 effective from inception.

Basic net loss per share amounts is computed by dividing the net income by the weighted average number of common shares outstanding. All options and convertible debt outstanding has an anti-dilutive effect on the EPS , therefore Diluted Earnings per Share are the same as basic earnings per share.

J. ADVERTISING

Costs associated with advertising are charged to expense as incurred. Advertising expenses were $0 and $0 for the quarters ended March 31 , 2013 and March 31, 2012 respectively.

NOTE 2 . RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." The amendments in this update generally represent clarifications of Topic 820, but also include some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This update results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and IFRS. The amendments in this update are to be applied prospectively. The amendments are effective for interim and annual periods beginning after December 15, 2011. Early application is not permitted. The Company does not expect this guidance to have a significant impact on its consolidated financial position, results of operations or cash flows.

In June 2011, the FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income." This update was amended in December 2011 by ASU No. 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05." This update defers only those changes in update 2011-05 that relate to the presentation of reclassification adjustments. All other requirements in update 2011-05 are not affected by this update, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. ASU No. 2011-05 and 2011-12 are effective for fiscal years (including interim periods) beginning after December 15, 2011. The Company does not expect this guidance to have a significant impact on its consolidated financial position, results of operations or cash flows.

In December 2011, the FASB issued ASU No. 2011-11, "Disclosures about Offsetting Assets and Liabilities." The amendments in this update require enhanced disclosures around financial instruments and derivative instruments that are either (1) offset in accordance with either ASC 210-20-45 or ASC 815-10-45 or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with either ASC 210-20-45 or ASC 815-10-45. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The amendments are effective during interim and annual periods beginning on or after January 1, 2013. The Company does not expect this guidance to have any impact on its consolidated financial position, results of operations or cash flows.

ASU 2011-08, *Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment* is applicable to fiscal years beginning after December 15, 2011. Early application is permitted. The Company does not expect this ASU has a material impact on its financial position or carrying value of its intangible assets at this time.

A variety of proposed or otherwise potential accounting standards are currently under study by standard setting organizations and various regulatory agencies. Due to the tentative and preliminary nature of those proposed standards, the Company's management has not determined whether implementation of such standards would be material to its financial statements.

NOTE 3. PROPERTY AND EQUIPMENT

Property and Equipment as of March 31, 2013 consists of the following:

Acquisition cost:	Estimate useful life (year)	
Office equipment		0
Computer		0
		0
Subtotal		0
Less accumulated depreciation		
Total		$US 0

Property and equipment as of March 31, 2012 consists of the following:

Acquisition cost:	Estimate useful life (year)	
Office equipment	3 to 5	7,250
Computer	3	16,207
Subtotal		23,457
Less accumulated depreciation		(2,668)
Total		$US 20,789

Depreciation expenses were $0 and $ 0 for the quarters ended March 31, 2013 and quarter ended March 31, 2012, 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. During the quarter ended September 30, 2012 the Company abandoned $20,789 of Computer Equipment and Office Equipment .

NOTE 4. OPTIONS AND WARRANTS

On August 20, 2012 the Company issued to the holder of a $165,000 convertible promissory note a warrant, exercisable for three years from August 20, 2012, to purchase up to 16,500,000 of the common shares of the Company at an exercise price of $0.01 per share. As of March 31, 2013 the Company had the following warrants and options outstanding:

Shares issuable through Exercise of Warrant	Exercise Price	Shares Exercised	Expiration date
16,500,000	$0.01	0	August 20,2015

NOTE 5. GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. Exclusive of a onetime non-cash gain of $41,645,688 recognized upon the deconsolidation of Entest Biomedical, Inc. , the Company generated net losses of $ 15,972,882 (excluding $663,649 of Equity in Net Losses of Entest Biomedical, Inc. recognized) during the period from August 2, 2005 (inception) through March 31, 2013). 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 by offering securities for cash.

On April 26, 2012 the Company executed an Equity Purchase Agreement (the "Purchase Agreement") and Registration Rights Agreement (the "Rights Agreement") with Southridge Partners II, LP, and a Delaware limited partnership ("Southridge").

Under the terms of the Purchase Agreement, Southridge will purchase, at the Company's election, up to $20,000,000 of the Company's registered common stock (the "Shares"). During the term of the Purchase Agreement, the Company may at any time deliver a "put notice" to Southridge thereby requiring Southridge to purchase a certain dollar amount of the Shares. Simultaneous with the delivery of such Shares, Southridge shall deliver payment for the Shares. Subject to certain restrictions, the purchase price for the Shares shall be equal to 91% of the Market Price, as such capitalized term is defined in the Purchase Agreement, on such date on which the Purchase Price is calculated in accordance with the terms and conditions of this Agreement.

Market Price, as such term is defined in the Purchase Agreement, means the lowest Closing Price, as such term is defined in the Purchase Agreement, during the Valuation Period, as such term is defined in the Purchase Agreement.

Closing Price is defined in the Purchase Agreement as the closing bid price for the Company's common stock on the principal market over which the Company's common shares trade on a day on which that principal market is open for business as reported by Bloomberg Finance L.P.

Valuation Period , as such term is defined in the Purchase Agreement, means the period of 5 Trading Days immediately following the Clearing Date, as such term is defined in the Purchase Agreement, associated with the applicable Put Notice during which the Purchase Price of the Shares is valued.

Clearing Date, as such term is defined in the Purchase Agreement, means the date in which the Estimated Put Shares (as defined in Section 2.2(a) of the Purchase Agreement) have been deposited into Southridge's brokerage account and Southridge's broker has confirmed with Southridge that Southridge may execute trades of such Estimated Put Shares.

The definition of Estimated Put Shares in Section 2.2(a) of the Purchase Agreement is that number of Shares equal to the dollar amount indicated in the Put Notice divided by the Closing Price on the Trading Day immediately preceding the Put Date, multiplied by 125%. Pursuant to the Purchase Agreement, on a Put Date the Company will be required to the applicable number of Estimated Put Shares to Southridge's brokerage account. At the end of the Valuation Period the Purchase Price shall be established and the number of Shares shall be determined for a particular Put. If the number of Estimated Put Shares initially delivered to Southridge is greater than the Put Shares purchased by Southridge pursuant to such Put, then immediately after the Valuation Period Southridge shall deliver to Company any excess Estimated Put Shares associated with such Put. If the number of Estimated Put Shares delivered to Investor is less than the Shares purchased by Southridge pursuant to a Put, then immediately after the Valuation Period the Company shall deliver to Southridge the difference between the Estimated Put Shares and the Shares issuable pursuant to such Put.

The number of Shares sold to Southridge shall not exceed the number of such shares that, when aggregated with all other shares of common stock of the Company then beneficially owned by Southridge, would result in Southridge owning more than 9.99% of all of the Company's common stock then outstanding. Additionally, Southridge may not execute any short sales of the Company's common stock.

The Purchase Agreement shall terminate (i) on the date on which Southridge shall have purchased Shares pursuant to this Agreement for an aggregate Purchase Price of $20,000,000, or (ii) on the date occurring 24 months from the date on which the Agreement was executed and delivered by the Company and Southridge.

Under the terms of the Rights Agreement, the Company agreed to file a registration statement with the Securities and Exchange Commission within 90 days of the date on which the Purchase Agreement was executed and delivered by the Company and Southridge.

The registration statement shall be filed with respect to not less than the maximum allowable number of Shares issuable pursuant to a put notice to Southridge that has been exercised or may be exercised in accordance with the terms and conditions of the Purchase Agreement permissible under Rule 415, promulgated under the Securities Act of 1933.

The Company is obligated to keep such registration statement effective until (i) three months after the last closing of a sale of Shares under the Purchase Agreement, (ii) the date when Southridge may sell all the Shares under Rule 144 without volume limitations, or (iii) the date Southridge no longer owns any of the Shares.

The Purchase Agreement requires the Company to reserve and keep available until the consummation of such Closing, free of preemptive rights sufficient shares of common stock for the purpose of enabling the Company to satisfy its obligation to issue the Shares.

The Purchase Agreement also requires the Company to issue to Southridge shares of a newly designated preferred stock with a stated value of $50,000 convertible at the option of Southridge into shares of the Company’s common stock at a conversion price equal to seventy percent (70%) of the lowest Closing Price for the five (5) trading days immediately preceding a conversion notice. The Preferred Stock shall have no registration rights.

NOTE 6. INCOME TAXES

As of March 31, 2013

Deferred tax assets:	
Net operating tax carry forwards	$5,532,010
Other	-0-
Gross deferred tax assets	5,532,010
Valuation allowance	(5,532,010)
Net deferred tax assets	$-0-

As of March 31 , 2013 the Company has a Deferred Tax Asset of $5,852,116 completely attributable to net operating loss carry forwards of approximately $17,212,108 (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 of BMSG and

(b) $17,173,492 attributable to Bio-Matrix Scientific Group, Inc. a Delaware corporation, BMSG, Regen and Entest

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.

Income tax is calculated at the 34% Federal Corporate Rate.

NOTE 7. RELATED PARTY TRANSACTIONS

As of March 31, 2013 the Company is indebted to David Koos, the Company's Chairman and Chief Executive Officer, in the amount of $68,450. These loans are due and payable at the demand of Bombardier pacific Ventures and bear simple interest at a rate of 15% per annum.

These loans and any accrued interest are due and payable at the demand of Mr. Koos and bear simple interest at the rate of 15% per annum.

On June 15, 2009 Entest entered into an agreement with the Company whereby Entest has agreed to sublease approximately 3,000 square feet of office space from the Company for a term of 3 years for consideration consisting of monthly rental payments of $4,100 per month. Beginning October 2010 Entest has been paying rental expenses directly to the owner of the subleased space leaving a balance of $59,500 of rental expenses prepaid to the Company. Between January 25, 2012 and February 14, 2012 the Company became indebted to Entest in the amount of an additional $240 for expenses paid on behalf of the Company by Entest. Between October 1, 2011 and September 30, 2012 the Company made payments to Entest totaling $20,600. Between October 1, 2012 and December 31, 2012 the Company became indebted to Entest in the amount of an additional $755 for expenses paid on behalf of the Company by Entest . As of March 31, 2013 the amount due to Entest is $34,895. This obligation bears no interest and is due and payable on the demand of Entest. Entest is considered a related party due to the fact that the Chairman and CEO of the Company also serves as the Chairman and CEO of Entest.

NOTE 8. NOTES PAYABLE

	September 30, 2012	March 31, 2013
Bio Technology Partners Business Trust	44,500	44,500
Venture Bridge Advisors	72,000	72,000
David Koos (Note 7)	520	68,450
Sherman Family Trust	700,000	295,000
Notes payable	$817,020	$479,950

Both of Bio-Technology Partners Business Trust and Venture Bridge Advisors have provided lines of credit to the Company in the amount of $700,000 each or so much thereof as may be disbursed to, or for the benefit of the Company by Lender in Lender's sole and absolute discretion. The unpaid principal of these lines of credit bear simple interest at the rate of ten percent per annum. Interest is calculated based on the principal balance as may be adjusted from time to time to reflect additional advances or payments made hereunder. Principal balance and accrued interest shall become due and payable in whole or in part at the demand of the Lender.

All loans to the Company made by David R. Koos are due and payable at the demand of Koos and bear simple interest at a rate of 15% per annum.

$295,000 due to Sherman Family Trust consists of all rights to and interest in salaries accrued and unpaid due to David Koos. $295,000 due to Sherman Family Trust bears no interest and is payable in whole or in part at the demand of the Holder.

NOTE 9. STOCKHOLDERS' EQUITY

The stockholders' equity section of the Company contains the following classes of capital stock as March 31, 2013:

1,963,821 Preferred Shares issued , par value $0.0001, and outstanding.

With respect to each matter submitted to a vote of stockholders of the Corporation, each holder of Preferred Stock shall be entitled to cast that number of votes which is equivalent to the number of shares of Series B Preferred Stock owned by such holder times one (1).

On any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Preferred Stock shall receive, out of assets legally available for distribution to the Company's stockholders, a ratable share in the assets of the Corporation.

94,852 Series AA Preferred Shares, par value $0.0001, issued and outstanding.

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).

On any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Series AA Preferred Stock shall receive, out of assets legally available for distribution to the Company's stockholders, a ratable share in the assets of the Corporation.

725,409 Series B Preferred Shares, Par Value $0.0001, issued and outstanding.

With respect to each matter submitted to a vote of stockholders of the Corporation, each holder of Series B Preferred Stock shall be entitled to cast that number of votes which is equivalent to the number of shares of Series B Preferred Stock owned by such holder times two (2).

On any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Series B Preferred Stock shall receive, out of assets legally available for distribution to the Company's stockholders, a ratable share in the assets of the Corporation.

Non Voting Convertible Preferred Stock , $1.00 Par value, 200,000 shares authorized , 75000 shares issued and outstanding

Each Non Voting Convertible Preferred Stock shall convert at the option of the holder into shares of the corporation’s common stock at a conversion price equal to seventy percent (70%) of the lowest Closing Price for the five (5) trading days immediately preceding written receipt by the corporation of the holder’s intent to convert.

“CLOSING PRICE" shall mean the closing bid price for the corporation’s common stock on the Principal Market on a Trading Day as reported by Bloomberg Finance L.P.

“PRINCIPAL MARKET" shall mean the principal trading exchange or market for the corporation’s common stock.

“TRADING DAY” shall mean a day on which the Principal Market shall be open for business.

On any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Non Voting Convertible Preferred shall receive, out of assets legally available for distribution to the Company's stockholders, a ratable share in the assets of the Corporation.

Common stock, $ 0.0001 par value;2,000,000,000 shares authorized: 1,360,232,659 shares issued and outstanding.

With respect to each matter submitted to a vote of stockholders of the Corporation, each holder of Common Stock shall be entitled to cast that number of votes which is equivalent to the number of shares of Common Stock owned by such holder times one (1).

On any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Common Stock shall receive, out of assets legally available for distribution to the Company's stockholders, a ratable share in the assets of the Corporation.

NOTE 10. 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.

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 January18, 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.

On February 2, 2010 the Company issued 1,433,333 common shares in full satisfaction of a $100,000 face value of convertible debentures bearing interest at 14% per annum.

On February 10, 2010 the Company issued 3,000,000 shares of common stock in satisfaction of $30,000 owed by the Company to holders of the Company’s convertible debentures bearing interest at 12% per annum.

On March 31, 2010 the Company issued 4,000,000 shares of common stock in satisfaction of $40,000 owed by the Company to holders of the Company’s convertible debentures bearing interest at 12% per annum.

On February 17, 2011 the Company issued 1,785,714 common shares in satisfaction of $50,000 face value of convertible debentures.

On December 19, 2011, the Company issued a convertible promissory note in the amount of $50,000 which was funded on December 22, 2011. The note bears an interest rate of eight percent (8%), matures on September 19, 2012 and may be converted after 180 days from execution of this note for shares of the Company’s common stock. The note may be converted at a forty five percent (45%) discount to the average of the lowest 3 closing bid prices of the common stock during the 10 trading days prior to the conversion date. The issuance of the note amounted in a beneficial conversion feature of $40,909 which is amortized under the Interest Method. This convertible promissory note was satisfied in its entirety by the Company as a result of payment to the Holder of $76,884 on June 11, 2012 in accordance with the prepayment conditions of the note. A Loss on Early Extinguishment of Debt of $29,106 was recognized by the Company as a result of this prepayment.

On February 28, 2012, the Company issued a convertible promissory note in the amount of $27,500 which was funded on March 6, 2012. The note bears an interest rate of eight percent (8%), matures on November 30, 2012 and may be converted after 180 days from execution of this note for shares of the Company’s common stock. The note may be converted at a forty five percent (45%) discount to the average of the lowest 3 closing bid prices of the common stock during the 10 trading days prior to the conversion date. This convertible promissory note was satisfied in its entirety by the Company as a result of payment to the Holder of $42,305 on August 29, 2012 in accordance with the prepayment conditions of the note. A Loss on Early Extinguishment of Debt of $14,804 was recognized by the Company as a result of this prepayment.

On April 23, 2012, for no additional consideration, the Company agreed to amend the terms of $25,000 of outstanding convertible debt to allow conversion at the Holder’s option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $16,666 which has been fully amortized. On April 25, 2012 the Company issued 6,944,444 common shares in full satisfaction of this $25,000 in indebtedness.

On April 23, 2012, for no additional consideration, the Company agreed to amend the terms of $10,000 of outstanding convertible debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $6,666 which has been fully amortized. On April 23, 2012 the Company issued 2,777,778 common shares in full satisfaction of this $10,000 in indebtedness.

On April 23, 2012, for no additional consideration, the Company agreed to amend the terms of $15,000 of outstanding convertible debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $10,000 which has been fully amortized. During the quarter ended June 30, 2012 the Company issued 4,168,541 common shares in full satisfaction of this $15,000 in indebtedness.

On May 2, 2012 the Company issued 3,000,000 common shares in satisfaction of $3,000 of existing convertible debt.

On May 3, 2012, for no additional consideration, the Company agreed to amend the terms of $10,000 of outstanding convertible debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $5,384 which has been fully amortized. On May 11, 2012 the Company issued 2,564,103 common shares in full satisfaction of this $10,000 in indebtedness.

On May 4, 2012, for no additional consideration, the Company agreed to amend the terms of $80,000 of outstanding convertible debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $31,111 which has been fully amortized. During the Quarter ended June 30, 2012 the Company issued 41,431,532 common shares in full satisfaction of this $80,000 in indebtedness.

On May 7, 2012, the Company issued a convertible promissory note in the amount of $53,000. The note bears an interest rate of eight percent (8%), matures on February 4, 2013 and may be converted after 180 days from execution of this note for shares of the Company's common stock. The note may be converted at a forty five percent (45%) discount to the average of the lowest 3 closing bid prices of the common stock during the 10 trading days prior to the conversion date. The issuance of the note amounted in a beneficial conversion feature of $53,000 which is amortized under the Interest Method.

On May 10, 2012, for no additional consideration, the Company agreed to amend the terms of $40,000 of existing indebtedness to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 51% the average of the lowest 3 closing bid prices of the common stock during the 10 trading days prior to the conversion date. The reclassification of this debt resulted in the recognition of a beneficial conversion feature of $28,000 which has been fully amortized. During the quarter ended June 30, 2012 the Company issued 15,331, 392 common shares in full satisfaction of this $40,000 in indebtedness.

On June 1, 2012, for no additional consideration, the Company agreed to amend the terms of $40,000 of outstanding convertible debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into

Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $40,000 which has been fully amortized. During the year ended September 30, 2012 the Company issued 16,434,139 common shares in satisfaction of $40,000 of this indebtedness.

On June 7, 2012, for no additional consideration, the Company agreed to amend the terms of $40,000 of outstanding convertible debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $40,000 which has been fully amortized. During the year ended September 30, 2012 the Company issued 26,185,202 common shares in satisfaction of $40,000 of this indebtedness.

On June 7, 2012, for no additional consideration, the Company agreed to amend the terms of $31,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 7 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $31,000 which has been fully amortized. During the year ended September 30, 2012 the Company issued 22,787,766 common shares in satisfaction of $30,000 of this indebtedness.

On June 7, 2012, for no additional consideration, the Company agreed to amend the terms of $15,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 7 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $15,000 which has been fully amortized. During the year ended September 30, 2012 the Company issued 9250494 common shares in satisfaction of $15,000 of this indebtedness.

On June 7, 2012, for no additional consideration, the Company agreed to amend the terms of $15,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 7 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $15,000 which has been fully amortized. During the Quarter ended June 30, 2012 the Company issued 10,064,506 common shares in satisfaction of $15,000 of this indebtedness.

On June 7, 2012, for no additional consideration, the Company agreed to amend the terms of $10,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 7 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $10,000 which has been fully amortized. During the year ended June 30, 2012 the Company issued 6,333,333 common shares in satisfaction of $10,000 of this indebtedness.

On June 7, 2012, for no additional consideration, the Company agreed to amend the terms of $21,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 7 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $14,000 which has been fully amortized. During the year ended September 30, 2012 the Company issued 11633000 common shares in satisfaction of $15, ,000 of this indebtedness.

On June 22, 2012, for no additional consideration, the Company agreed to amend the terms of $22,300 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 7 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $7,433 which has been fully amortized. During the year ended September 30, 2012 the Company issued 19351068 common shares in satisfaction of $22,300 of this indebtedness.

On June 22, 2012, for no additional consideration, the Company agreed to amend the terms of $17,179 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 7 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $6,871 which has been fully amortized., 2012

On June 22, 2012, for no additional consideration, the Company agreed to amend the terms of $5,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock. The issuance of the note amounted in a beneficial conversion feature of $2,000 which has been fully amortized.

On July 25 the Company issued a convertible promissory note in the amount of $ 63,000. The note bears an interest rate of eight percent (8%), matures on April 30, 2013 and may be converted after 180 days from execution of this note for shares of the Company's common stock. The note may be converted at a thirty nine percent (39%) discount to the average of the lowest 3 closing bid prices of the common stock during the 10 trading days prior to the conversion date.

On August 20, 2012, the "Company") issued a convertible promissory note in the principal amount of $165,000. The note bears an annual interest rate of six percent (6%). The unconverted principal amount of the note and any accrued but unpaid interest is payable at the demand of the Holder at any time after August 20, 2013.

The note is convertible into the common shares of the Company as follows:

(a)

The Holder shall have the right to convert up to fifty-percent (50%) of the principal amount of the Note ("Principal Amount") on December 20, 2012, up to seventy-five percent (75%) of the Principal Amount on April 20, 2013, and up to one hundred percent (100%) of the Principal Amount on August 20, 2013.

(b)

The Holder shall have the right to convert $25,000 of the principal amount due on this note into 5,000,000 shares of the Company's common stock at any time on or after August 21, 2012.

With the exception of (b), The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the principal amount of this Note to be converted (the "Conversion Amount") by the applicable Conversion Price.

The "Conversion Price" means the weighted average of the Trading Prices (as defined below) for the Common Stock during the ten (10) Trading Day (as defined below) period ending on the latest complete Trading Day prior to the Conversion Date weighted by the daily Trading Volume. "Trading Price" means the closing bid price on the applicable trading market or, if no closing bid price of such security is available, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets" by the National Quotation Bureau, Inc. If the Trading Price cannot be calculated for such security on such date in the manner provided above, the Trading Price shall be the fair market value as mutually determined by the Company and the Holder. "Trading Day" shall mean any day on which the Common Stock is tradable for any period on the principal securities exchange or other securities market on which the Common Stock is then being traded. "Trading Volume" shall mean the number of shares traded on such Trading Day as reported. The Conversion Price shall be equitably adjusted for stock splits, stock dividends, rights offerings, combinations, recapitalization, reclassifications, extraordinary distributions and similar events by the Company relating to the Lender's securities. The Minimum Conversion Price is $0.0035 per share. The issuance of the note amounted in a beneficial conversion feature of $61,285 which is amortized under the interest method. During the year ended September 30, 2012 $25,000 of the principal portion of this note was converted into 5,000,000 common shares of the issuers common stock.

On October 19, 2012 for no additional consideration, the Company agreed to amend the terms of $10,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 55% (the "Discount") of the lowest closing bid price for the Company's common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock.

On October 19.2012 for no additional consideration, the Company agreed to amend the terms of $20,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 55% (the "Discount") of the lowest closing bid price for the Company's common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock.

On October 29,2012 for no additional consideration, the Company agreed to amend the terms of $30,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 55% (the "Discount") of the lowest closing bid price for the Company's common stock during the 20 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock.

On November 12, 2012 for no additional consideration, the Company agreed to amend the terms of $50,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 55% (the "Discount") of the lowest closing bid price for the Company's common stock during the 20 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock.

On November 15, .2012 for no additional consideration, the Company agreed to amend the terms of $50,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 55% (the "Discount") of the lowest closing bid price for the Company's common stock during the 20 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into

Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock.

On December 12,2012 for no additional consideration, the Company agreed to amend the terms of $30,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 55% (the "Discount") of the lowest closing bid price for the Company's common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock.

On December 12,2012 for no additional consideration, the Company agreed to amend the terms of $100,000 of outstanding debt to allow conversion at the Holder's option into common shares of the Company at a conversion price per share equal to 55% (the "Discount") of the lowest closing bid price for the Company's common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the "Closing Bid Price"); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder's brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price("Reset"). The Company has agreed on a limitation on conversion equal to 9.99% of the Company's outstanding common stock.

On March 18 ,2013 for no additional consideration, the Company agreed to amend the terms of $100,000 of outstanding debt to allow conversion at the Holder's option into 100,000,000 common shares of the Company.

At March 31, 2013, the following convertible debentures remain outstanding:

(a) $1,000 in aggregate convertible debt bearing simple interest at 10% per annum convertible into the Company's common stock at share and convertible into common shares of the Company at a conversion price per share equal to 60% (the "Discount") of the lowest closing bid price for the Company's common stock during the seven trading days immediately preceding a conversion date, as reported by Bloomberg.

(b) $80,701 in aggregate convertible debt bearing simple interest at 12% per annum convertible into the Company's common stock at $0.025 per share.

(c) $140,000 bearing an annual interest rate of six percent (6%) of which the unconverted principal amount of the note and any accrued but unpaid interest is payable at the demand of the Holder at any time after August 20, 2013.

(d) $30,000 in aggregate convertible debt bearing no interest convertible into the Company's common stock at share and convertible into common shares of the Company at a conversion price per share equal to 55% (the "Discount") of the lowest closing bid price for the Company's common stock during the five trading days immediately preceding a conversion date, as reported by Bloomberg.

(e) $140,000 in aggregate convertible debt bearing no interest convertible into the Company's common stock at share and convertible into common shares of the Company at a conversion price per share equal to 55% (the "Discount") of the lowest closing bid price for the Company's common stock during the twenty trading days immediately preceding a conversion date, as reported by Bloomberg.

Convertible Debentures described in (a) , (b), (d) and (e) are currently due and payable. The holders have not made a demand for payment

As of March 31, 2013 the Aggregate Amount of Convertible Debentures outstanding was $391,801 and the Aggregate Amount of Unamortized discount was $23,834.

As of September 30, 2012 the Aggregate Amount of Convertible Debentures outstanding was $365,880 and the Aggregate Amount of Unamortized discount was $65,371.

NOTE 11. COMMITMENTS AND CONTINGENCIES

On February 3, 2011, a Complaint ("Complaint") was filed in the U.S. District Court Middle District of the State of Pennsylvania against the Company, the Company's Chairman and Entest. by 18KT.TV LLC ("Plaintiffs"). The Complaint is seeking damages from the Company and Entest in excess of $125,000 and alleges breach of contract, unjust enrichment and breach of implied in fact contract by the Company and Entest in connection with agreements entered into with the plaintiffs by both the Company and Entest.

On March 1, 2013 a SETTLEMENT AGREEMENT AND MUTUAL GENERAL RELEASE ("Agreement") was entered into by and between the Plaintiffs and the Company.

Pursuant to the Agreement:

(a)

The Plaintiffs irrevocably release and forever unconditionally discharge the Company of and from any and all actions, causes of action, suits, claims, debts, dues, accounts, bonds, covenants, charges, complaints, contracts, agreements, promises, judgments and demands whatsoever, in law or in equity

(b)

The Company irrevocably releases and forever unconditionally discharges the Plaintiffs of and from any and all actions, causes of action, suits, claims, debts, dues, accounts, bonds, covenants, charges, complaints, contracts, agreements, promises, judgments and demands whatsoever, in law or in equity

(c)

The Company shall cause to be issued to 18KT.TV LLC 100,000,000 of the Company's common shares

On March 13, 2013 the Company issued 100,000,000 Common Shares pursuant to a SETTLEMENT AGREEMENT AND MUTUAL GENERAL RELEASE entered into by and between the Company and 18KT.TV LLC.

NOTE 12. INVESTMENT SECURITIES

As of the quarter ending June 30, 2012 the Company reclassified 10,000,000 common shares of Entest ("Entest Shares") as Securities Available for Sale from Securities Accounted for under the Equity Method. The Entest Shares are the Company's sole Investment Securities.

NOTE 13. STOCK TRANSACTIONS

During the quarter ended March 31, 2013 the Company:

Issued 223,783,360 Common Shares in satisfaction of $197,675 of Convertible Notes Payable

Issued 547,827 Common Shares in satisfaction of $2,520 of accrued interest

Issued 100,000,000 Common Shares pursuant to pursuant to a SETTLEMENT AGREEMENT AND MUTUAL GENERAL RELEASE entered into by and between the Company and 18KT.TV LLC.

NOTE 14. SUBSEQUENT EVENTS

On April 2 , 2013 the Company issued 100,000,000 Common Shares issued in satisfaction of $50,000 of outstanding indebtedness.

On April 12, 2013 a complaint (Complaint) was filed in the U.S. District Court Southern District of the State of new York against the Company, the Company’s Chairman and Does 1-50 by Star city Capital, LLC (“Plaintiff”) alleging securities fraud, common law fraud, negligent misrepresentation, breach of fiduciary duties and breach of contract in connection with the issuance of . The Plaintiff is also request declaratory relief from the Court.

The action arises from the issuance and subsequent cancellation of 103,030,303 of the company’s common shares in satisfaction of $17,000 of convertible indebtedness of the Company held by the Plaintiff . The Plaintiff alleges that a cancellation notice sent by them to the Company’s transfer agent was meant to instruct the Transfer Agent simply to cancel the physical certificate in order that an equivalent number of shares may be transferred via DWAC to the Plaintiff’s stockbroker for the benefit of the Plaintiff. DWAC is the acronym for Deposit/Withdrawal At Custodian. The DWAC transaction system run by The Depository Trust Company (a.k.a. DTC or CEDE & CO) permits brokers and custodial banks, the DTC participants, to request the movement of shares

to or from the issuer’s transfer agent electronically. A DWAC results in the crediting or debiting of shares to or from DTC’s book-entry account on the records of the issuer maintained by the transfer agent.

The Company believes that the cancellation notice sent by the Plaintiff clearly represents a cancellation of the conversion notice itself.

The convertible indebtedness held by the Plaintiff is convertible at Holder’s demand into the common shares of the Company’s stock at a conversion price per share equal to 55% (the “Discount”) of the lowest closing bid price for the Company’s common stock during the 5 trading days immediately preceding a conversion date, as reported by Bloomberg (the “Closing Bid Price”); provided that if the closing bid price for the common stock on the date in which the conversion shares are deposited into Holder’s brokerage account and confirmation has been received that Holder may execute trades of the conversion shares (Clearing Date) is lower than the Closing Bid Price, then the purchase price for the conversion shares would be adjusted such that the Discount shall be taken from the closing bid price on the Clearing Date, and the Company shall issue additional shares to Purchaser to reflect such adjusted Purchase Price(“Reset”). The Company and the Plaintiff had agreed on a limitation on conversion equal to 9.99% of the Company’s outstanding common stock. There can be no assurance that a subsequent conversion notice for the same amount of indebtedness issued by the Plaintiff would convert into 103,030,303 of the company's common shares

Although the Company believes this legal action has no merit, it is not possible to predict the ultimate outcome of this legal action.

Note 15. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

On September 9, 2013 the Company determined that certain items included within the Company's Consolidated Statement of Cash Flows for the six months ended March 31, 2013 and for the period from inception to March 31, 2013 constituted noncash activities which do not affect Net Income and these items have been eliminated from the Company's Statements of Cash Flows for the periods below indicated

Consolidated Statement of Cash Flows for the six months ended March 31 2013	As originally presented	Elimination	As Restated
CASH FLOWS FROM OPERATING ACTIVITIES	(586,758)	13,000 Increase (Decrease) in Other Comprehensive Income	(599,758)

Consolidated Statement of Cash Flows from inception to March 31, 2013	As originally presented	Elimination	As Restated
CASH FLOWS FROM OPERATING ACTIVITIES	(50,097,353)	(41,351,361) Increase (Decrease) in Other Comprehensive Income	(8,745,992)

Consolidated Statement of Cash Flows for the six months ended March 31, 2013	As originally presented	Elimination	As Restated
CASH FLOWS FROM FINANCING ACTIVITIES	521,690	(13,000) (Increase) Decrease in Securities available for Sale	534,690

Consolidated Statement of Cash Flows from inception to March 31, 2013	As originally presented	Elimination	As Restated
CASH FLOWS FROM FINANCING ACTIVITIES	50,114,904	41,336,361 Increase (Decrease) in Investment in Subsidiary	8,763,543

Elimination:

15,000

(Increase) Decrease in Securities available for Sale

Item 6. EXHIBITS

31.1 Certification of Chief Executive Officer

31.2 Certification of Acting Chief Financial Officer

32.1 Certification of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002.

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

SIGNATURES

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

Bio-Matrix Scientific Group, Inc.

Date: December 23, 2013 By: /s/ *David R. Koos*
David R. Koos
Chief Executive Officer