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Bio-Matrix Scientific Group, Inc.
Form 10-Q
July 27, 2010

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For Period ended June 30, 2010

Commission File Number 0-32201

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

DELAWARE
(State of Incorporation)

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

1010 University Avenue #40, San Diego, California
(Address of Principal Executive Offices)

92103
(Zip Code)

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

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

Yes ☒ No ☐

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 70,404,033 shares of Common Stock outstanding as of June 30, 2010.

PART I—FINANCIAL INFORMATION

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

	June 30, 2010 (unaudited)	September 30, 2009
ASSETS		
CURRENT ASSETS		
Cash	\$50,913	\$17,750
Securities Available for sale	-	-
Pre-paid Expenses	197,927	333,398
Employee receivable	1,396	
Total Current Assets	250,236	351,148
PROPERTY & EQUIPMENT (Net of Accumulated Depreciation)	538,868	538,868
Other Assets	26,566	25,507
TOTAL ASSETS	\$815,670	\$915,523
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$180,681	\$227,377
Bank Overdraft	-	-
Notes Payable	195,001	397,322
Accrued Payroll	299,000	342,000
Accrued Payroll taxes	27,714	24,044
Accrued Interest	128,278	84,911
Accrued expenses	5,000	5,000
Current portion of Convertible Note	333,400	503,400
Current portion of Note to Affiliated Party	1,000	1,000
Total Current Liabilities	1,170,074	1,585,054
TOTAL LIABILITIES	1,170,074	1,585,054
STOCKHOLDERS' EQUITY		
Preferred Stock (\$0.0001 par value 20,000,000 shares authorized; 2,975,478 and 1,963,821 issued and outstanding as of September 30, 2009 and June 30, 2010	197	300
Series AA Preferred Stock (\$0.0001 par value) 100,000 shares authorized, 4852 issued and outstanding as of September 30, 2009 and June 30, 2010	-	-
Series B Preferred Shares (\$0.0001 par value) 2,000,000 shares authorized, 725,409 issued and outstanding as of September 30, 2009 and June 30, 2010	73	73
Common Stock, (\$0.0001 par value)	7,040	4,371

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80,000,000 shares authorized; 70,404,033, and 43,728,375

shares issued and outstanding as of June 30, 2010 and September 30, 2009

Additional paid in Capital	10,931,758	9,364,701
Contributed capital	499,000	499,000
Accumulated Other Comprehensive Income (Loss)	-	-
Deficit accumulated during the development stage	(11,556,734)	(10,443,980)
Deficit attributable to non-controlling interest in subsidiary	(235,729)	(93,995)
 Total Stockholders' Equity (Deficit)	 (354,395)	 (669,530)
 TOTAL LIABILITIES		
& STOCKHOLDERS' EQUITY	\$815,670	\$915,523

The following Notes are an integral part of these Financial Statements

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

					From Inception (August 2, 2005)
	Quarter Ended June 30, 2010 (unaudited)	Quarter Ended June 30, 2009 (unaudited)	Nine Months ended June 30, 2010 (unaudited)	Nine Months ended June 30, 2009 (unaudited)	through June 30 2010 (unaudited)
REVENUES					
Sales	\$-	\$-	\$-	\$-	\$-
Total Revenues	-	-	-	-	-
COSTS AND EXPENSES					
Research and Development	69,687	36,248	242,436	116,023	1,029,493
General and administrative	266,027	267,693	859,298	777,292	5,280,382
Depreciation and amortization	-	-	-	-	2,668
Consulting and professional fees	23,762	85,985	79,147	551,574	4,709,537
Impairment of goodwill & intangibles	-	-	-	-	34,688
Total Costs and Expenses	359,476	389,926	1,180,881	1,444,889	11,056,768
OPERATING LOSS	(359,476)	(389,926)	(1,180,881)	(1,444,889)	(11,056,768)
OTHER INCOME & (EXPENSES)					
Interest Expense	(15,437)	(31,354)	(73,607)	(87,401)	(278,035)
Interest Income					306
Other income	-	30,000	-	30,000	30,100
Loss on sale of Available for Sale Securities	-	-	-	(487,900)	(487,900)
Other Expense	-	(92)	-	(92)	(166)
Total Other Income & (Expenses)	(15,437)	(1,446)	(73,607)	(545,393)	(735,695)
NET INCOME (LOSS)	\$(374,913)	\$(391,372)	\$(1,254,488)	\$(1,990,282)	\$(11,792,463)
(NET INCOME) LOSS					
attributable to					

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non-controlling interest in					
Entest BioMedical, Inc	47,687	-	141,734	-	235,729
Net Loss attributable to					
common shareholders	\$(327,226)	\$(391,372)	\$(1,112,754)	\$(1,990,282)	\$(11,556,734)
BASIC AND DILUTED					
EARNINGS (LOSS) PER					
SHARE	\$(0.0040)	\$(0.0100)	\$(0.0202)	\$(0.0700)	-
Weighted Average Shares					
Outstanding	70,131,041	34,525,105	54,997,660	29,327,540	-

The Following Notes are an Integral Part of these Financial Statements

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

	Nine Months Ended June 30, 2010 (unaudited)	Nine Months Ended June 30, 2009 (unaudited)	Inception (August 2, 2005) to June 30, 2010 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (loss)	\$(1,112,754)	\$(1,990,282)	\$(11,556,734)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation expense			2,667
Stock issued for compensation to employees	179,835		1,114,902
Stock issued for services rendered by consultants	47,000	369,460	4,020,734
Stock issued for prepaid expenses	13,665		313,665
Stock issued for interest	30,269	50,544	131,699
Changes in operating assets and liabilities:			
(Increase) decrease in receivables			
(Increase) decrease in prepaid expenses	135,471	31,896	(197,927)
Increase (Decrease) in Accounts Payable	(46,698)	79,241	180,681
Increase (Decrease) in Accrued Expenses	4,037	120,476	489,939
Increase (Decrease) in Other Comprehensive Income			(50,000)
(Increase) Decrease in Employee Receivable	(1,396)		(1,396)
Loss attributable to Non Controlling interest in subsidiary	(141,734)		(235,729)
Net Cash Provided by (Used in) Operating Activities	(892,305)	(1,338,665)	(5,787,499)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Deposits	(1,059)	(4,200)	(26,566)
Purchases of fixed assets			(541,536)
(Additions) Decreases to Securities Available for Sale	-	500,000	50,000
Net Cash Provided by (Used in) Investing Activities	(1,059)	495,800	(518,102)
CASH FLOWS FROM FINANCING ACTIVITIES			
Preferred Stock issued for cash	-	57	339
Common stock issued for cash	-	158	1,630
Common Stock issued for Debt	989,345	216,716	1,206,061
Common Stock issued for Accrued Salaries	304,500	120,000	424,500

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Additional paid in Capital	5,000	202,701	1,680,919
Principal borrowings on notes and Convertible			
Debentures	(202,321)	202,701	1,014,457
Increase (Decrease) Due to Shareholder		225,759	
Convertible notes	(170,000)	100,000	333,400
Contributed Capital		499,000	499,000
Increase (Decrease) in Bank Overdraft	-	-	-
Net borrowings from related parties			1,195,196
Increase (Decrease) in Notes from Affiliated party	-	(499,000)	1,000
Net Cash Provided by (Used in) Financing Activities	926,524	865,391	6,356,502
Net Increase (Decrease) in Cash	33,160	22,526	50,913
Cash at Beginning of Period	17,750	8,410	-
Cash at End of Period	\$50,913	\$30,938	\$50,913
Supplemental Cash Flow Disclosures:			
Significant non-cash activities:			
Stock issued to cancel debt	-	-	2,044,592
Preferred stock issued for stock dividend	-	-	108
Total	-	-	2,044,700

The Following Notes are an integral part of these Financial Statements

BIO-MATRIX SCIENTIFIC GROUP, INC. AND SUBSIDIARY

(A Development Stage Company)

Notes to condensed consolidated Financial Statements

As of June 30, 2010

NOTE 1. BASIS OF PRESENTATION

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 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, 2009 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 2. GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company generated net losses of \$11,792,463 (including \$251,227 in net losses attributable to non-controlling interest in Entest BioMedical, Inc.) during the period from August 2, 2005 (inception) through June 30, 2010. 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. 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 obtaining governmental and non governmental grants as well as offering securities for cash. Management has yet to decide what type of offering the Company will use or how much capital the Company will raise. There is no guarantee that the Company will be able to raise any capital through any type of offerings. Management can give no assurance that any governmental or non governmental grant will be obtained by the Company despite the Company's best efforts.

NOTE 3. INCOME TAXES

As of June 30, 2010

Deferred tax assets:

Net operating tax carry forwards	\$ 4,022,566
Other	-0-
Gross deferred tax assets	4,022,566

Valuation allowance	(4,022,566)
Net deferred tax assets	\$ -0-

As of June 30, 2010 the Company has a Deferred Tax Asset of \$4,022,566 completely attributable to net operating loss carry forwards of approximately \$11,831,079 (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) \$11,792,463 attributable to the Company, Bio-Matrix Scientific Group, Inc (BMSG), a wholly owned Nevada corporation which shares the name of the Company and Entest BioMedical, Inc. a Nevada corporation which is 57% owned by the Company.

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

NOTE 4. RELATED PARTY TRANSACTION

Between April 1, 2010 and June 30, 2010, Bombardier Pacific Ventures, a Company controlled by David Koos, the Company's CEO, made loans to the Company totaling 45,835 dollars. The total amount owed by the Company to Bombardier as of June 30, 2010 is \$45,835. These loans and any accrued interest are due and payable at the demand of Bombardier and bear simple interest at the rate of 15% per annum.

Between April 1, 2010 and June 30, 2010 David Koos, the Company's CEO, made loans to the Company totaling 278 dollars. The total amount owed by the Company to Mr. Koos as of June 30, 2010 is \$7,694. 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.

During the three months ended May 31, 2010 David Koos, made loans to Entest BioMedical, Inc. totaling \$50,120. The total amount owed by Entest to Mr. Koos as of May 31, 2010 is \$50,700. These loans and any accrued interest are due and payable at the demand of David Koos and bear simple interest at the rate of 15% per annum.

During the three months ended May 31, 2010 Bombardier Pacific Ventures, made loans to Entest BioMedical, Inc. totaling \$49,981. The total amount owed by Entest to Bombardier as of May 31, 2010 is \$73,372. These loans and any accrued interest are due and payable at the demand of Bombardier Pacific Ventures and bear simple interest at the rate of 15% per annum.

NOTE 5. STOCK TRANSACTIONS

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

During the nine months ended June 30, 2010:

The Company issued 350,000 shares of common stock for services valued at \$47,000.

The Company issued 3,273,333 shares of common stock in satisfaction of \$98,200 of principal indebtedness.

The company issued 40,000 shares of common stock as a contingent payment for services previously rendered.

The Company issued 229,607 shares of common stock in satisfaction of \$30,269 of accrued interest.

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.

The Company issued 1,011,657 shares of common stock to Preferred Shareholders in exchange for 1,011,657 shares of preferred stock.

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.

The Company issued 2,511,546 of its common shares in satisfaction of \$288,828 of rental expenses.

The Company issued 3,593,268 shares of common stock to Bombardier Pacific Ventures, Inc., in satisfaction of \$251,529 of debt owed by the Company to Bombardier Pacific Ventures.

The Company issued 6,777,920 shares of common stock in satisfaction of \$234,454 of debt owed by the Company to various note holders and holders of the Company's convertible debentures.

The Company issued 4,454,994 shares of common stock to David Koos, the Company's Chairman and CEO, in satisfaction of \$304,500 in accrued salary owed by the Company to David Koos.

During the nine months ended May 31, 2010, Entest BioMedical, Inc.:

Sold 500,000 common shares for \$50,000 of which \$45,000 was deposited with BMSN to be applied to rental payments due to the Company over the course of sublease agreement between the Company and Entest BioMedical, Inc.

Issued 3,040 common shares to David Koos as consideration for services rendered valued at \$4,560.

NOTE 6. STOCKHOLDERS' EQUITY

The stockholders' equity section of the Company contains the following classes of capital stock as of June 30, 2010:

* Preferred stock, \$ 0.0001 par value; 20,000,000 shares authorized:

1,963,821 Preferred shares issued and outstanding.

4,852 Series AA Preferred Shares issued and outstanding.

725,409 Series B Preferred Shares issued and outstanding.

* Common stock, \$ 0.0001 par value; 80,000,000 shares authorized: 70,404,033 shares issued and outstanding.

NOTE 7. 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 January 18, 2008, the Company sold \$100,000 face value convertible debenture ("Convertible Debenture") for an aggregate purchase price of \$100,000 to one purchaser.

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

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

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

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

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

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

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

On February 15, 2008, the Company sold \$50,000 face value convertible debenture ("Convertible Debenture") for an aggregate purchase price of \$50,000 to one purchaser.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 12% per annum, payable on the maturity Date, which is February 15, 2010.

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

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

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

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

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

On March 3, 2008 the Selling Shareholder's Registration Statement was withdrawn by the Company.

On March 3, 2008, the Company sold \$10,000 face value convertible debenture ("Convertible Debenture") for an aggregate purchase price of \$10,000 to one purchaser.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. The Company shall pay simple interest to the holder on the aggregate unconverted and then outstanding principal amount of this Convertible Debenture at the rate of 12% per annum, payable on the maturity Date, which is March 3, 2010.

At any time subsequent to the expiration of a six month period from March 3, 2008, the holder may convert the Convertible Debenture, in whole but not in part, into our common shares at the conversion rate of \$0.15 per Share ("Conversion Shares").

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

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.

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

CERTAIN FORWARD-LOOKING INFORMATION

Information provided in this Quarterly report on Form 10Q may contain forward-looking statements within the meaning of Section 21E or Securities Exchange Act of 1934 that are not historical facts and information. These statements represent the Company's expectations or beliefs, including, but not limited to, statements concerning future and operating results, statements concerning industry performance, the Company's operations, economic performance, financial conditions, margins and growth in sales of the Company's products, capital expenditures, financing needs, as well assumptions related to the forgoing. For this purpose, any statements contained in this Quarterly Report that are not statement of historical fact may be deemed to be forward-looking statements. These forward-looking statements are based on current expectations and involve various risks and uncertainties that could cause actual results and outcomes for future periods to differ materially from any forward-looking statement or views expressed herein. The Company's financial performance and the forward-looking statements contained herein are further qualified by other risks including those set forth from time to time in the documents filed by the Company with the Securities and Exchange Commission, including the Company's most recent Form 10K/A for the year ended September 30, 2009. All references to "We", "Us", "Company" or the "Company" refer to Bio-Matrix Scientific Group, Inc.

Material Changes in Financial Condition:

As of June 30, 2010, we had cash on hand of \$50,913 and as of September 30, 2009 we had cash on hand of \$17,750.

The increase in cash on hand of approximately 186% is primarily attributable to increased borrowings by Entest BioMedical, Inc. partially offset by cash expended to fund operations.

As of June 30, 2010 we had prepaid expenses of \$197,927 and as of September 30, 2009 we had prepaid expenses of \$333,398.

The decrease in prepaid expenses of approximately 41% is primarily attributable to the recognition of \$130,000 of expenses prepaid prior to September 30, 2009.

As of June 30, 2010 we had Accounts Payable of \$180,681 and as of September 30, 2009 we had Accounts Payable of \$227,377.

The decrease in Accounts Payable of approximately 21% is primarily attributable to satisfaction of \$288,627 in outstanding obligations through the issuance of common stock partially offset by the incurring of additional obligations.

As of June 30, 2010 we had Notes Payable of \$195,001 and as of September 30, 2009 we had Notes Payable of \$397,322.

The decrease in Notes Payable of approximately 51% is primarily attributable to \$304,225 in net payments on principal amounts due made over the nine months ended June 30, 2010 offset by \$124,072 in amounts borrowed by Entest BioMedical, Inc. over the nine months ended May 31, 2010.

As of June 30, 2010 we had Accrued Payroll of \$299,000 and as of September 30, 2008 we had Accrued Payroll of \$342,000.

The decrease in Accrued Payroll of approximately 13% is primarily attributable to the satisfaction of \$304,500 of accrued salaries accomplished through the issuance of common stock offset by continuing accrual of officer's salary from March 31, 2010 to June 30, 2010 amounting to \$94,000 as well as the accrual of \$47,000 in compensation expense by Entest BioMedical, Inc. during the nine months ended May 31, 2010.

As of June 30, 2010 we had accrued payroll taxes of \$27,714 and as of September 30, 2009 we had accrued payroll taxes of \$24,044.

The increase in accrued payroll taxes of approximately 15% is primarily attributable to increases in amounts payable in State and Federal taxes related to compensation paid by us.

As of June 30, 2010 we had accrued interest of \$128,278 and as of September 30, 2009 we had accrued interest of \$84,911.

The increase in accrued interest of approximately 51% is primarily attributable to continued accrual of interest due on interest bearing obligations of the Company offset by stock issued during quarter ended March 31, 2010 in satisfaction of \$30,269 in accrued interest.

As of June 30, 2010 we had Convertible Notes outstanding of \$333,400 and as of September 30, 2009 we had Convertible Notes outstanding of \$503,400.

The decrease in Convertible Notes outstanding of approximately 33% is primarily attributable to the satisfaction of \$170,000 face value of Convertible Notes outstanding through issuance of common stock.

Material Changes in Results of Operations

Revenues were -0- for the quarter ending June 30, 2010 and -0- for the same quarter ending June 30, 2009. Net losses were \$ 327,226 for the three months ended June 30, 2010 and \$391,372 for the same period ended 2009, a decrease of approximately 16%.

This increase in Net Losses is primarily attributable to decreased professional and consulting fees and interest expense incurred by us offset by decreased other income and increased research and development expenses, interest expense, and losses attributable to non-controlling interest in Entest BioMedical, Inc.

Revenues were -0- for the nine months ending June 30, 2010 and -0- for the same period ending June 30, 2009. Net losses were \$1,112,754 for the nine months ended June 30, 2010 and \$1,990,282 for the same period ended June 30, 2009, a decrease of approximately 44%.

This increase in Net Losses is primarily attributable to decreased other income, professional and consulting fees, loss on sale of securities and interest expense incurred by us offset by increased research and development expenses, general and administrative expenses, and losses attributable to non-controlling interest in Entest BioMedical, Inc.

Liquidity and Capital Resources

As of June 30, 2010, we had \$50,913 cash on hand and current liabilities of \$1,170,074.

We feel we will not be able to satisfy its cash requirements over the next twelve months and shall be required to seek additional financing.

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

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

We were not party to any material commitments for capital expenditures as of the end of the quarter ended June 30, 2010.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, as defined by Rule 229.10(f) (1) of Regulation S-K, we are not required to provide the information required by this Item. We have chosen to disclose, however, that we have not engaged in any transactions, issued or bought any financial instruments or entered into any contracts that are required to be disclosed in response to this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of David Koos, who is the Company's Principal Executive Officer/Principal Financial Officer,

of the effectiveness of the design and operation of the Company's disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of achieving the Company's disclosure control objectives. The Company's Principal Executive Officer/Principal Financial Officer has concluded that the Company's disclosure controls and procedures are, in fact, effective at this reasonable assurance level as of the period covered.

Changes in Internal Controls over Financial Reporting

In connection with the evaluation of the Company's internal controls during the period commencing on April 1, 2010 and ending June 30, 2010, David Koos, who is both the Company's Principal Executive Officer and Principal Financial Officer has determined that there were no changes to the Company's internal controls over financial reporting that have been materially affected, or is reasonably likely to materially effect, the Company's internal controls over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

There are no material legal proceedings to which we are a party or to which any of our property is subject, and to the best of our knowledge, no such actions against us is contemplated or threatened.

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

During the period beginning October 1, 2009 and ending June 30, 2010:

The Company issued 350,000 shares of common stock (“Shares”) for services valued at \$47,000.

The Offer and Sale of the Shares was exempt from the registration provisions of the Securities Act of 1933 (the “Act”), by reason of Section 4(2) thereof.

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

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

The Company issued 3,273,333 shares of common stock (“Shares”) in satisfaction of \$98,200 of principal indebtedness.

The Offer and Sale of the Shares was exempt from the registration provisions of the Securities Act of 1933 (the “Act”), by reason of Section 4(2) thereof.

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

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

The Company issued 40,000 shares of common stock ("Shares") as a contingent payment for services previously rendered.

The Offer and Sale of the Shares was exempt from the registration provisions of the Securities Act of 1933 (the "Act"), by reason of Section 4(2) thereof.

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

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

The Company issued 229,607 shares of common stock ("Shares") in satisfaction of \$30,269 of accrued interest. The Offer and Sale of the Shares was exempt from the registration provisions of the Securities Act of 1933 (the "Act"), by reason of Section 4(2) thereof.

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

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

The Company issued 1,433,333 common shares ("Shares") in full satisfaction of a \$100,000 face value of convertible debentures bearing interest at 14% per annum.

The Offer and Sale of the Shares was exempt from the registration provisions of the Securities Act of 1933 (the "Act"), by reason of Section 4(2) thereof.

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

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

The Company issued 1,011,657 shares of common stock ("Shares") to Preferred Shareholders in exchange for 1,011,657 shares of preferred stock.

The Offer and Sale of the Shares was exempt from the registration provisions of the Securities Act of 1933 (the "Act"), by reason of Section 4(2) thereof.

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

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

The Company issued 3,000,000 shares of common stock (“Shares”) in satisfaction of \$30,000 owed by the Company to holders of the Company’s convertible debentures.

The Offer and Sale of the Shares was exempt from the registration provisions of the Securities Act of 1933 (the “Act”), by reason of Section 4(2) thereof.

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

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

The Company issued 2,511,546 of its common shares ("Shares") in satisfaction of \$288,828 of rental expenses.

The Offer and Sale of the Shares was exempt from the registration provisions of the Securities Act of 1933 (the "Act"), by reason of Section 4(2) thereof.

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

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

The Company issued 3,593,268 shares of common stock ("Shares") to Bombardier Pacific Ventures, Inc., in satisfaction of \$251,529 of debt owed by the Company to Bombardier Pacific Ventures.

The Offer and Sale of the Shares was exempt from the registration provisions of the Securities Act of 1933 (the "Act"), by reason of Section 4(2) thereof.

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

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

The Company issued 6,777,920 shares of common stock (“Shares”) in satisfaction of \$234,454 of debt owed by the Company to various note holders and holders of the Company’s convertible debentures.

The Offer and Sale of the Shares was exempt from the registration provisions of the Securities Act of 1933 (the “Act”), by reason of Section 4(2) thereof.

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

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

The Company issued 4,454,994 shares of common stock (“Shares”) to David Koos, the Company’s Chairman and CEO, in satisfaction of \$304,500 in accrued salary owed by the Company to David Koos.

The Offer and Sale of the Shares was exempt from the registration provisions of the Securities Act of 1933 (the “Act”), by reason of Section 4(2) thereof.

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

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

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

31.1 Certification of Chief Executive Officer

31.2 Certification of Acting Chief Financial Officer

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

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

SIGNATURES

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

Bio-Matrix Scientific Group, Inc.
a Delaware corporation

By: /s/ David R. Koos
David R. Koos
Chief Executive Officer
Date: July 21, 2010

