Bio-Matrix Scientific Group, Inc.
Form 10-Q
May 31, 2011

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 December 31, 2010

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 203, La Mesa, California	91942
(Address of Principal Executive Offices)	(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 [X]

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 [X]

There were 72,189,747 shares of Common Stock outstanding as of March 10, 2011.

PART I—FINANCIAL INFORMATION

BIO-MATRIX SCIENTIFIC GROUP, INC.
A Development Stage Company
CONSOLIDATED BALANCE SHEET

ASSETS	December 31, 2010 (unaudited)	September 30, 2010
CURRENT ASSETS		
Cash	$100,845	$306
Prepaid Expenses	47,215	40,425
Employee Receivable	1,396	1,396
Cash in Escrow	20,000	
Total Current Assets	169,456	42,127
PROPERTY & EQUIPMENT (Net of Accumulated Depreciation)	538,869	538,869
OTHER ASSETS	26,566	26,566
TOTAL ASSETS	$734,891	$607,562
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	303,740	251,528
Notes Payable	267,394	247,669
Accrued Payroll	590,558	444,500
Accrued Payroll Taxes	27,161	27,298
Accrued Interest	165,617	145,426
Accrued Expenses	5,000	5,000
Convertible Note Payable	333,400	333,400
Due to TheraCyte	10,000	
Due to Shareholder	100,000	
Current portion, note payable to affiliated party	1,000	1,000
Total Current Liabilities	1,803,870	1,455,821
STOCKHOLDERS EQUITY (DEFICIT)		
Preferred Stock ($.0001 par value) 20,000,000 shares authorized; 1,963,821 issues and outstanding as of December 31, 2010 and September 30, 2010 respectively	197	197
Series B Preferred Shares ($.0001 par value) 2,000,000 shares authorized; 725,409 issues and outstanding as of December 31, 2010 and September 30, 2010	73	73
Common Stock ($.0001 par value 80,000,000 shares authorized; 70,404,033 shares issued and outstanding as of December 31, 2010 and September 30 , 2010 respectively	7,040	7,040
Additional Paid in Capital	11,094,158	10,931,758
Contributed Capital	509,355	509,355
Deficit accumulated during the development stage	(12,255,366)	(11,989,566)

Deficit attributable to non-controlling interest in subsidiary	(424,436)	(307,116)
Total Stockholders' Equity (Deficit)	(1,068,979)	(848,259)
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 734,891	$ 607,562

The accompanying Notes are an integral part of these Financial Statements

A Development Stage Company
CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

	December 31, 2010	December 31, 2009	From Inception (August 2, 2005) through December 31, 2010
REVENUES	$-	$-	$-
COST AND EXPENSES			
Research and Development	51,286	44,495	1,255,171
General and Administrative	284,695	344,934	5,839,748
Depreciation and Amortization			2,668
Consulting and Professional Fees	26,946	27,729	4,773,968
Impairment of Goodwill and Intangibles			34,688
Total Costs and Expenses	362,927	417,158	11,906,243
OPERATING LOSS	(362,927)	(417,158)	(11,906,243)
OTHER INCOME & (EXPENSES)			
Interest Expense	(20,193)	(31,444)	(315,899)
Interest Income			306
Other Income			30,100
Loss on sale of Available for Sale Securities			(487,900)
Other Expense			(166)
Total Other Income & (Expense)	(20,193)	(31,444)	(773,559)
NET INCOME (LOSS)	(383,120)	(448,602)	(12,679,802)
(NET INCOME) LOSS attributable to noncontrolling interest in Entest BioMedical, Inc.	117,320	52,754	424,436
NET LOSS attributable to common shareholders	(265,800)	(395,848)	(12,255,366)

BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	$(0.00378)	$(0.009)
Weighted Average Shares Outstanding	70,404,033	45,369,136

The accompanying Notes are an integral part of these Financial Statements

3

BIO-MATRIX SCIENTIFIC GROUP, INC.
A Development Stage Company
CONSOLIDATED STATEMENT OF CASH FLOWS

	(unaudited) Quarter ended December 31, 2010	(unaudited) Quarter ended December 31, 2009	(unaudited) From inception (August 2, 2005) through December 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (loss)	$ (265,800)	$ (395,848)	$(12,255,366)
Adjustments to reconcile net loss to net cash			
(used in) provided by operating activities:			
Depreciation expense			2,667
Stock issued for compensation to employees		103,476	1,114,902
Stock issued for services rendered by consultants	62,400	5,000	4,083,134
Stock issued for prepaid expenses			313,665
Stock issued for interest			131,726
Changes in operating assets and liabilities:			
(Increase) decrease in prepaid expenses	(6,790)	752	(47,215)
Increase (Decrease) in Accounts Payable	52,212	122,132	303,741
Increase (Decrease) in Accrued Expenses	166,112	102,698	818,277
Increase (Decrease) in Other Comprehensive Income			(50,000)
Increase (Decrease) in Due to TheraCyte	10,000		10,000
(Increase) Decrease in Employee Receivable			(1,396)
Loss attributable to Non Controlling interest in subsidiary	(117,320)	(52,754)	(424,436)
Net Cash Provided by (Used in) Operating Activities	(99,186)	(114,544)	(6,000,301)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Other Assets			(26,566)
Purchases of fixed assets			(541,536)
Purchase of Other Assets			
Preferred Stock retired			
Preferred Stock sold for cash			
Increase in Cash in Escrow	(20,000)		(20,000)
(Additions) Decreases to Securities Available for Sale			
Net Cash Provided by (Used in) Investing Activities	(20,000)		(588,102)
CASH FLOWS FROM FINANCING ACTIVITIES			
Preferred Stock issued for cash			339
Common stock issued for cash			1,630
Common Stock issued for Debt		98,200	1,206,061

Common Stock issued for Accrued Salaries			424,500
Common Stock issued for expenses			
Additional paid in Capital	100,000	5,000	1,780,919
Principal borrowings on Convertible Debentures			333,400
Principal borrowings (repayments) on notes and Convertible Debentures	19,725	(5,979)	1,086,850
(Increase) Decrease in Securities available for Sale			50,000
Increase in amounts Due to Shareholder	100,000		100,000
Contributed Capital			509,353
Net Borrowings From Related Parties			1,195,196
Increase in Bank Overdraft		1,358	
Increase (Decrease) in Notes from Affiliated party			1,000
Net Cash Provided by (Used in) Financing Activities	219,725	98,579	6,689,248
Net Increase (Decrease) in Cash	100,539	(15,962)	100,845
Cash at Beginning of Period	306	17,750	0
Cash at End of Period	100,845	1,788	100,845

Supplemental Cash Flow Disclosures:

Significant non-cash activities:	1,206,061
Stock issued to cancel debt	108
Preferred stock issued for stock dividend	1,206,169

The accompanying 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 December 31, 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, 2010 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 $12,255,366 (including $424,436 in net losses attributable to non-controlling interest in Entest BioMedical, Inc.) during the period from August 2, 2005 (inception) through December 31, 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 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 also plans to acquire one or more operating veterinary clinics in order to generate cash flow to fund research and development. Management can give no assurance that any such clinics can be acquired on terms favorable to the Company, if at all, and if acquired whether such clinics would generate cash flow sufficient to fund the Company’s operations.

NOTE 3. INCOME TAXES

As of December 31 ,2010

Deferred tax assets:

Net operating tax carry forwards	$	4,179,953
Other		-0-
Gross deferred tax assets		4,179,953
Valuation allowance		(4,179,953)
Net deferred tax assets	$	-0-

As of December 31 , 2010 the Company has a Deferred Tax Asset of $4,179,953 completely attributable to net operating loss carry forwards of approximately $12,293,982 (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) $12,255,366 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 approximately 51% owned by the Company as of November 30, 2010.

5

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 October 1, 2010 and December 31, 2010 Bombardier Pacific Ventures (“Bombardier”), a Company controlled by David Koos, the Company’s CEO, made loans to the Company totaling 396 dollars . The total amount owed by the Company to Bombardier as of December 31, 2010 is $49,063. 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 October l 1, 2010 and December 31, 2010 David Koos, the Company’s CEO, made loans to the Company totaling 2,023 dollars. The total amount owed by the Company to Mr. Koos as of December 31, 2010 is $18,860. 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.

Between September 1, 2010 and November 30, 2010, Bombardier made loans to Entest BioMedical, Inc. (“Entest”) totaling $7,326. The total amount owed by Entest to Bombardier as of November 30, 2010 is $87,797. 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.

As of November 30, 2010, Entest is also indebted to David Koos in the amount of $42,786. These loans and any accrued interest are due and payable at the demand of David R. Koos 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.

On October 7, 2010 Entest sold 2,000,000 common shares (“Shares”) to an individual investor for consideration consisting of $100,000.

On November 17, 2010 Entest issued 45,000 common shares (“Shares”) to contractors and consultants as consideration for services rendered.

On November 30, 2010 Entest issued 10,000 common shares (“Shares”) to a consultant as consideration for services rendered.

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 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.

NOTE 8. COMMITMENTS AND CONTINGENCIES

On August 3, 2005, BMSG entered into an agreement to lease a 14,562 square foot facility for use as a cellular storage facility at a rate of $18,931 per month. The lease is for a period of five years commencing on December 1, 2005 and expiring on November 30, 2010. The lease contains a renewal option enabling the Company to renew the lease for an additional five years. There are no contingent payments which the Company is required to make. As of November 30, 2010, the Company elected not to renew the lease and is currently utilizing 3,000 square feet of office space in La Mesa California at a rate of $4,176 per month.

On August 16, 2010 a Complaint ("Complaint") was filed in the Superior Court of the State of California, County of San Diego Central Division against the Company, the Company's Chairman, Freedom Environmental Services, Inc. and the BMXP Holdings Inc. Shareholder's Business Trust, a Nevada Business Trust (collectively "Defendants") by Princeton Research, Inc. and Jan Vandersande (collectively "Plaintiffs") seeking to recover general damages in excess of $25,000, punitive damages in excess of $25,000 and attorney's fees. The Complaint alleges breach of fiduciary duty of loyalty, fraud and deceit in connection with the late distribution of shares of the Company to beneficiaries of the BMXP Holdings Inc. Shareholder's Business Trust. The Company believes that the allegations in the complaint are without merit and intends to vigorously defend its interests in this matter. At this time, it is not possible to predict the ultimate outcome of these matters,

NOTE 9. SUBSEQUENT EVENTS

On January 3, 2011 Entest issued 25,000 common shares (“Shares”) to its CFO as consideration for services rendered.

On January 3, 2011 Entest issued 13,000 common shares (“Shares”) to employees as consideration for services rendered.

On January 3, 2011 Entest issued 38,712 common shares (“Shares”) in satisfaction of $39,989 of principal and interest indebtedness.

On January 4, 2011 Entest issued 9,383 common shares (“Shares”) to a consultant for services rendered.

On January 4, 2011 Entest issued 102,766 common shares (“Shares”) for the purchase of Pet Pointers, Inc. dba McDonald Animal Hospital.

On January 26, 2011 Entest sold 200,000 common shares (“Shares”) to an individual investor for consideration consisting of $100,000.

On February 4, 2011 Entest issued 10,000 common shares (“Shares”) to a consultant for services rendered.

On February 4, 2011 Entest issued 5,000 common shares (“Shares”) to a consultant for services rendered.

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

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.

The Company believes that the allegations in the complaint are without merit and intends to vigorously defend its interests in this matter. At this time, it is not possible to predict the ultimate outcome of these matters.

On January 4, 2011, Entest BioMedical, Inc. ("Entest CA"), a California corporation and a wholly owned subsidiary of Entest BioMedical, Inc., a Nevada corporation (the "Company") acquired from Pet Pointers, Inc., a California corporation doing business as McDonald Animal Hospital ("Seller"), and Dr. Gregory McDonald DVM ("McDonald") all the goodwill from McDonald and assets of Seller except cash and accounts receivables used in connection with the operation of a veterinary medical clinic located at 225 S. Milpas Street, Santa Barbara, CA 93103 (the "Business").

Consideration for the acquisition consisted of:

I. $70,000 in cash
II. $210,000 of the common shares of Entest valued at the closing price per share as of January 4, 2011
III. Payment of no more than $78,000 to a creditor of the Seller to be paid in monthly installments of $1,500 per month
IV. Payment of no more than $25,000 to additional creditors of the Seller to be paid in monthly installments of $825 per month
V. Payment of $50,000 to

Entest is also obligated to make payment to McDonald of that number of shares of common stock of Entest valued at the closing bid price of the trading day immediately prior to issuance which shall equal $70,000 upon completion of the first calendar year during the Employment Period (as such period is defined in the employment agreement entered into between McDonald and Entest CA dated December 31, 2010) in which the Business generates gross sales in excess of $700,000.

Pursuant to the Employment Agreement, Entest CA shall employ McDonald to:

I. be the Managing Licensee and Supervising Veterinarian of the Business and manage the Business
II. assist Entest CA in identifying and employing one or more additional veterinarians
III. assist Entest CA in the identification and acquisition of additional veterinary clinics and
IV. assist Entest CA in development of Entest's immuno-therapeutic cancer vaccine for canines

The Term of the Employment Agreement shall commence upon the Closing of the Asset Purchase Agreement , shall expire three years from that date, and may be extended by mutual agreement ("Employment Period"). Pursuant to the Employment Agreement McDonald is to receive $4,167 dollars per month in salary. Upon completion of any fiscal year during the Employment Period in which the

Business generates net sales (gross sales less any returns and / or charge backs) in excess

of $700,000, McDonald shall be entitled to receive a bonus of:

(i) 7.14% of the annual gross collections in excess of $700,000 achieved by the Business during that period in the form of a cash payment.

(ii) 5% of the annual gross collections in excess of $700,000 achieved by the Business during that period in the form of shares of common stock of Entest valued at the closing bid price of the trading day immediately prior to issuance.

On January 24, 2011 the Company's former landlord informed the Company in writing that no further payment is required to be made by the Company for outstanding rental liabilities, resulting in the elimination of $146,791 of Payables owed by the Company.

On April 2011, the Company sold equipment resulting in a loss on sale of equipment of approximately $531,569.

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 concern 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 10Kfor the year ended September 30, 2010. All references to" We", "Us", "Company" or the "Company" refer to Bio-Matrix Scientific Group, Inc.

Material Changes in Financial Condition:

As of December 31, 2010, we had cash on hand of $100,845 and as of September 30, 2010 we had cash on hand of $ 306.

The increase in cash on hand of approximately 32,800 % is primarily attributable to additional borrowings by the Company and $100,000 deposited by a shareholder with Entest BioMedical, Inc. in contemplation of a future transaction.

As of December 31, 2010 we had Prepaid Expenses of $47,215 and as of September 30, 2010 we had Prepaid Expenses of $40,425
The increase in Prepaid Expenses of approximately 17% is primarily attributable to the prepayment of $6,790 in consulting services by Entest BioMedical, Inc.

As of December 31, 2010 we had $20,000 cash in Escrow and as of September 30, 2010 we had $0 cash in Escrow.

The increase in Cash in Escrow is attributable to the deposit of $20,000 into an escrow account made by Entest BioMedical, Inc. in contemplation of the acquisition of the business of Pet Pointers, Inc. .

As of December 31, 2010 we had Accounts Payable of $303,740 and as of September 30, 2010 we had Accounts Payable of $251,528.

The increase in Accounts Payable of approximately 21% is primarily attributable to an increase in outstanding rental related payables as well as an increase in obligations incurred by Entest BioMedical, Inc. in the course of conducting its operations.

As of December 31, 2010 we had Accrued Payroll of $590,558 and as of September 30, 2010 we had Accrued Payroll of $444,500.

The increase in Accrued Payroll of approximately33% is primarily attributable to employee compensation accrued but not yet been paid.

As of December 31, 2010 we had Accrued Interest of $165,617 and as of September 30, 2010 we had Accrued Interest of $145,426.

The increase in Accrued Interest of approximately14% is primarily attributable to increases of the amount of interest payments on Notes Payable accrued but not yet paid.

As of December 31, 2010 we had $10,000 Due to TheraCyte and as of September 30, 2010 we had $0 Due to TheraCyte

The amount Due to TheraCyte is attributable to amounts due and payable to TheraCyte, Inc. pursuant to an agreement entered into between Entest BioMedical, Inc. and TheraCyte, Inc.

As of December 31, 2010 we had $100,000 Due to Shareholder and as of September 30, 2010 we had $0 Due to Shareholder

The amount Due to Shareholder is attributable to $100,000 deposited by a shareholder with Entest BioMedical, Inc. in contemplation of a future transaction.

Material Changes in Results of Operations

Revenues were -0- for the quarter ending December 31, 2010 and -0- for the same quarter ending December 31, 2009. Net losses were $265,800 for the three months ended December 31, 2010 and $395,848 for the same period ended December 31, 2009, a decrease of approximately 33%.

This increase in Net Losses is primarily attributable to decreased general and administrative expenses incurred by us as well as an increase in the loss attributable to noncontrolling interest in Entest BioMedical, Inc. of $64,566 for the three months ended December 31, 2010 from the same period ended 2009.

Liquidity and Capital Resources

As of December 31, 2010, we had $100,845 cash on hand and current liabilities of $1,803,870.

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.

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), through cash flow generated through veterinary clinics which have been acquired by ENTB or may be acquired by ENTB (the generation of sufficient cash flow from which cannot be assured) and, if required, through equity private placements of common stock. (No material 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 December 31, 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 October 1, 2010 and ending December 31, 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.

On August 16, 2010 a Complaint ("Complaint") was filed in the Superior Court of the State of California, County of San Diego Central Division against the Company, the Company's Chairman, Freedom Environmental Services, Inc. and the BMXP Holdings Inc. Shareholder's Business Trust, a Nevada Business Trust (collectively "Defendants") by Princeton Research, Inc. and Jan Vandersande (collectively "Plaintiffs") seeking to recover general damages in excess of $25,000, punitive damages in excess of $25,000 and attorney's fees. The Complaint alleges breach of fiduciary duty of loyalty, fraud and deceit in connection with the late distribution of shares of the Company to beneficiaries of the BMXP Holdings Inc. Shareholder's Business Trust. The Company is in the process of negotiating a settlement agreement with the Plaintiffs with the intention of avoiding protracted disputes, uncertainties, and litigation with their attendant inconveniences and expenses.

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.

The Company believes that the allegations in the complaint are without merit and intends to vigorously defend its interests in this matter. At this time, it is not possible to predict the ultimate outcome of these matters.

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

On February 17, 2011 the Company issued 1,785,714 shares of common stock ("Shares") in satisfaction of $50,000 face value of 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

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 and principal Financial Officer
Date: May 26, 2011