

Biostem Technologies, Inc
A Development Stage Company
Consolidated Balance Sheets
(Unaudited)

	June 30, 2016	December 31, 2015
<u>Assets</u>		
Current assets:		
Cash	\$ 169,599	\$ 411,894
Accounts receivable	15,418	151,536
Inventory	122,477	220,468
Other receivable	-	667
Total current assets	307,494	784,565
Property, plant and equipment - net (note 3)	1,928,459	1,341,720
Other assets:		
Prepaid expense (note 4)	8,463	8,327
Goodwill	597,255	629,537
Organizational cost - net (note 4)	12,215	13,848
Acquired trademark - net (note 4)	148,684	153,853
Other Assets - Security Deposits	18,813	4,645
Total other assets	785,430	810,210
Total assets	\$ 3,021,383	\$ 2,936,495
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Accounts payable & accrued expenses	\$ 1,314,939	\$ 780,778
Advance from related party	40,000	-
Notes payable - current portion (note 5)	500,000	-
Other current liabilities	807	11,192
Total current liabilities	1,855,746	791,970
Long term liabilities:		
Notes payable (note 5)	-	500,000
Total long term liabilities	-	500,000
Total liabilities	1,855,746	1,291,970
Stockholders' equity:		
Series A Convertible Preferred Stock (note 6)	0	500
Series B Convertible Preferred Stock (note 6)	500	500
Common stock (note 6)	1,339,126	1,251,792
Common stock to be issued (note 6)	30,000	-
Additional paid-in capital (note 6)	5,108,351	3,020,643
Accumulated deficit	(5,312,340)	(2,628,910)
Total Stockholders' equity	1,165,637	1,644,525
Total liabilities and stockholders' equity	\$ 3,021,383	\$ 2,936,495

Biostem Technologies, Inc
A Development Stage Company
Consolidated Statements of Operations
(Unaudited)

	Three months		Six Months	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Sales	\$ 213,995	\$ -	\$ 362,940	\$ -
Cost of sales	(83,472)	-	(245,129)	-
Gross profit	130,523	-	117,811	-
General and administrative expenses	2,307,275	740,209	2,783,480	1,005,298
Loss from operations	(2,176,752)	(740,209)	(2,665,669)	(1,005,298)
Other income (expense)				
Other income (expense) - net	34	53	244	135
Interest expense - net	(6,457)	(3,178)	(12,810)	(10,284)
Foreign exchange gain (loss) - net	(2,917)	-	(5,195)	-
Change in fair value of embedded derivative liabilities	-	(3,585)	-	547
Total other expense - net	(9,340)	(6,710)	(17,761)	(9,602)
Net loss attributable to Biostem Technologies, Inc	<u>\$ (2,186,092)</u>	<u>\$ (746,919)</u>	<u>\$ (2,683,430)</u>	<u>\$ (1,014,901)</u>
Net loss per share - basic	<u>\$ (0.70)</u>	<u>\$ (0.47)</u>	<u>\$ (0.85)</u>	<u>\$ (0.76)</u>
Weighted average number of common shares outstanding during the year - basic	<u>3,145,331</u>	<u>1,577,339</u>	<u>3,159,970</u>	<u>1,333,554</u>

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Biostem Technologies, Inc
A Development Stage Company
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months	
	June 30, 2016	June 30, 2015
Cash flows from operating activities:		
Net loss attributable to Biostem Technologies, Inc	\$ (2,683,430)	(1,014,901)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	53,930	13,687
Amortization of debt discount	-	5,397
Amortization of other assets	6,802	876
Change in fair value of derivative liabilities	-	(547)
Stock issued for services	1,654,279	565,000
Change in operating assets and liabilities:		
Accounts receivable	136,118	-
Inventory	97,991	-
Prepaid expenses	(136)	-
Subscriptions receivable	667	(50,000)
Other	(24,553)	-
Accounts payable & accrued expenses	534,160	320,012
Net cash used in operating activities	<u>(224,172)</u>	<u>(160,476)</u>
Cash flows from investing activities:		
Purchase of property & equipment	(644,958)	(228,902)
Disposition of property & equipment	4,290	-
Goodwill	32,282	(35,670)
Organizational cost	-	(16,375)
Net cash used in investing activities	<u>(608,386)</u>	<u>(280,947)</u>
Cash flows from financing activities:		
Repayments of notes payable	-	(12,100)
Advance from related party	40,000	-
Proceeds from common stock subscriptions	30,000	-
Proceeds from issuance of stock	520,263	470,370
Net cash provided by financing activities	<u>590,263</u>	<u>458,270</u>
Increase cash and cash equivalents	(242,295)	16,847
Cash and cash equivalents at beginning of period	411,894	50,941
Cash and cash equivalents at end of period	<u>\$ 169,599</u>	<u>\$ 67,788</u>
Supplementary disclosure of non-cash financing activities:		
Stock issuance for prior acquisition - Goodwill	\$ (35,670)	\$ -
Retirement of 128,979,751 shares	<u>\$ (128,980)</u>	<u>\$ (128,980)</u>
Preferred B Stock issued to compensate retirement of 128,979,751 shares	<u>\$ 500</u>	<u>\$ 500</u>
Retirement of 475,000 Preferred B shares	<u>\$ (475)</u>	<u>\$ (475)</u>
Supplementary disclosure of cash flow information		
Cash paid during the period for:		
Interest	\$ 12,824	\$ 4,095
Income taxes	<u>\$ -</u>	<u>\$ -</u>

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