

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

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
<u>Assets</u>		
Current assets:		
Cash	\$ 55,403	\$ 411,894
Accounts receivable	38,179	151,536
Inventory	101,097	220,468
Other receivable	3,045	667
Total current assets	<u>197,724</u>	<u>784,565</u>
Property, plant and equipment - net (note 3)	<u>1,943,236</u>	<u>1,341,720</u>
Other assets:		
Prepaid expense (note 4)	192	8,327
Goodwill	597,255	629,537
Organizational cost - net (note 4)	11,390	13,848
Acquired trademark - net (note 4)	339,575	153,853
Other Assets - Security Deposits	28,378	4,645
Total other assets	<u>976,790</u>	<u>810,210</u>
Total assets	<u><u>\$ 3,117,750</u></u>	<u><u>\$ 2,936,495</u></u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Accounts payable & accrued expenses	\$ 1,214,792	\$ 780,778
Convertible debt	400,000	-
Derivative liabilities	175,121	-
Notes payable - current portion (note 5)	500,000	-
Other current liabilities	802	11,192
Total current liabilities	<u>2,290,715</u>	<u>791,970</u>
Long term liabilities:		
Notes payable (note 5)	-	500,000
Total long term liabilities	<u>-</u>	<u>500,000</u>
Total liabilities	<u>2,290,715</u>	<u>1,291,970</u>
Stockholders' equity:		
Series A Convertible Preferred Stock (note 6)	0	500
Series B Convertible Preferred Stock (note 6)	500	500
Common stock (note 6)	1,405,465	1,251,792
Common stock to be issued (note 6)	198,925	-
Additional paid-in capital (note 6)	7,142,093	3,020,643
Accumulated deficit	(7,919,948)	(2,628,910)
Total Stockholders' equity	<u>827,035</u>	<u>1,644,525</u>
Total liabilities and stockholders' equity	<u><u>\$ 3,117,750</u></u>	<u><u>\$ 2,936,495</u></u>

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

	Three months		Nine Months	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Sales	\$ 208,092	\$ -	\$ 505,846	\$ -
Cost of sales	(105,870)	-	(316,024)	-
Gross profit	102,222	-	189,822	-
General and administrative expenses	2,542,623	376,044	5,248,780	1,381,378
Loss from operations	(2,440,401)	(376,044)	(5,058,958)	(1,381,378)
Other income (expense)				
Other income (expense) - net	184	47	428	181
Interest expense - net	(17,937)	(3,480)	(30,747)	(13,764)
Derivative expenses	(300,638)	-	(300,638)	-
Foreign exchange gain (loss) - net	(28,020)		(26,640)	
Change in fair value of embedded derivative liabilities	125,517	6,383	125,517	6,930
Total other expense - net	(220,894)	2,950	(232,080)	(6,653)
Net loss attributable to Biostem Technologies, Inc	<u>\$ (2,661,295)</u>	<u>\$ (373,094)</u>	<u>\$ (5,291,038)</u>	<u>\$ (1,388,031)</u>
Net loss per share - basic	<u>\$ (0.78)</u>	<u>\$ (0.18)</u>	<u>\$ (1.68)</u>	<u>\$ (0.91)</u>
Weighted average number of common shares outstanding during the year - basic	<u>3,412,035</u>	<u>2,033,874</u>	<u>3,151,592</u>	<u>1,526,210</u>

For Internal Use Only

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

	Nine Months	
	September 30, 2016	September 30, 2015
Cash flows from operating activities:		
Net loss attributable to Biostem Technologies, Inc	\$ (5,291,038)	(1,388,031)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	88,502	25,630
Amortization of debt discount	-	8,350
Amortization of other assets	11,736	1,701
Change in fair value of derivative liabilities	(125,517)	(6,930)
Derivative expense	300,638	-
Stock issued for services	3,469,360	660,000
Change in operating assets and liabilities:		
Accounts receivable	113,357	-
Inventory	119,371	-
Prepaid expenses	8,135	(4,598)
Subscriptions receivable	(2,378)	(50,000)
Other	(34,123)	316
Accounts payable & accrued expenses	434,013	481,866
Net cash used in operating activities	<u>(907,944)</u>	<u>(271,696)</u>
Cash flows from investing activities:		
Purchase of property & equipment	(694,307)	(262,447)
Purchase of trademark	(195,000)	-
Disposition of property & equipment	4,290	-
Goodwill	32,282	-
Organizational cost	-	(16,375)
Net cash used in investing activities	<u>(852,735)</u>	<u>(278,822)</u>
Cash flows from financing activities:		
Repayments of notes payable	-	(12,100)
Repayments of advance from related party	(40,000)	-
Advance from related party	40,000	-
Proceeds from convertible debt	400,000	-
Proceeds from common stock subscriptions	198,925	-
Proceeds from issuance of stock	805,263	699,700
Net cash provided by financing activities	<u>1,404,188</u>	<u>687,600</u>
Increase cash and cash equivalents	(356,491)	137,082
Cash and cash equivalents at beginning of period	411,894	50,941
Cash and cash equivalents at end of period	<u>\$ 55,403</u>	<u>\$ 188,023</u>
Supplementary disclosure of non-cash financing activities:		
Stock issuance for prior acquisition - Goodwill	\$ (35,670)	\$ (35,670)
Retirement of 128,979,751 shares	\$ (128,980)	\$ (128,980)
Preferred B Stock issued to compensate retirement of 128,979,751 shares	\$ 500	\$ 500
Retirement of 475,000 Preferred B shares	\$ (475)	\$ (475)
Supplementary disclosure of cash flow information		
Cash paid during the period for:		
Interest	\$ 29,268	\$ 4,220
Income taxes	\$ -	\$ -

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