

STAMPS.COM INC  
Form 10-Q  
November 08, 2012

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-26427

Stamps.com Inc.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

77-0454966  
(I.R.S. Employer  
Identification No.)

1990 E. Grand Avenue  
El Segundo, California 90245  
(Address of principal executive offices, including zip code)

(310) 482-5800  
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 31, 2012, there were 15,605,989 shares of the Registrant’s Common Stock issued and outstanding.

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STAMPS.COM INC. AND SUBSIDIARY  
FORM 10-Q QUARTERLY REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2012

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

STAMPS.COM INC. AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
(In thousands, except per share data)

	September 30, 2012 (unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$32,873	\$54,087
Restricted cash	—	500
Short-term investments	4,301	1,397
Accounts receivable, net	11,689	10,466
Other current assets	4,824	5,476
Total current assets	53,687	71,926
Property and equipment, net	26,356	2,165
Intangible assets, net	1,334	837
Long-term investments	14,101	13,379
Deferred income taxes.	28,040	16,125
Other assets	3,722	3,548
Total assets	\$127,240	\$107,980
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$13,013	\$12,075
Deferred revenue	1,571	1,898
Total current liabilities	14,584	13,973
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.001 par value		
Authorized shares: 47,500 in 2012 and 2011		
Issued shares: 27,302 in 2012 and 26,856 in 2011		
Outstanding shares: 15,648 in 2012 and 16,163 in 2011	50	49
Additional paid-in capital	646,737	637,483
Accumulated deficit	(391,078 )	(420,338 )
Treasury stock, at cost, 11,654 shares in 2012 and 10,693 in 2011	(143,371 )	(123,472 )
Accumulated other comprehensive income	318	285
Total stockholders' equity	112,656	94,007
Total liabilities and stockholders' equity	\$127,240	\$107,980

The accompanying notes are an integral part of these consolidated financial statements.



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STAMPS.COM INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Service	\$22,631	\$19,216	\$65,799	\$55,382
Product	3,495	3,194	10,876	9,768
Insurance	1,774	1,085	5,138	2,859
PhotoStamps	1,170	1,422	3,771	6,351
Other	1	1	7	5
Total revenues	29,071	24,918	85,591	74,365
Cost of revenues:				
Service	3,720	3,704	11,788	10,901
Product	1,271	1,146	4,009	3,586
Insurance	573	378	1,670	998
PhotoStamps	929	1,094	2,927	3,746
Total cost of revenues	6,493	6,322	20,394	19,231
Gross profit	22,578	18,596	65,197	55,134
Operating expenses:				
Sales and marketing	8,915	8,323	28,797	25,079
Research and development	2,625	2,411	7,837	7,016
General and administrative	3,953	3,428	11,233	10,394
Total operating expenses	15,493	14,162	47,867	42,489
Income from operations	7,085	4,434	17,330	12,645
Interest and other income, net	122	133	409	434
Income before income taxes	7,207	4,567	17,739	13,079
Income tax expense (benefit)	230	39	(11,521 )	199
Net income	\$6,977	\$4,528	\$29,260	\$12,880
Net income per share				
Basic	\$0.43	\$0.31	\$1.80	\$0.89
Diluted	\$0.42	\$0.30	\$1.72	\$0.88
Weighted average shares outstanding				
Basic	16,103	14,556	16,273	14,454
Diluted	16,675	15,059	17,015	14,707

The accompanying notes are an integral part of these consolidated financial statements.

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STAMPS.COM INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(In thousands)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Net income	\$6,977	\$4,528	\$29,260	\$12,880
Other comprehensive income:				
Unrealized gain (loss) on investment	59	(44 )	33	(101 )
Comprehensive income	\$7,036	\$4,484	\$29,293	\$12,779

The accompanying notes are an integral part of these consolidated financial statements.

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STAMPS.COM INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands)  
(Unaudited)

	Nine Months Ended September 30,	
	2012	2011
Operating activities:		
Net income	\$29,260	\$12,880
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,122	669
Stock-based compensation expense	3,175	2,605
Deferred income tax	(11,915 )	—
Changes in operating assets and liabilities:		
Accounts receivable	(1,223 )	(2,045 )
Other current assets	652	(501 )
Other assets	(174 )	(44 )
Deferred revenue	(327 )	(2,160 )
Accounts payable and accrued expenses	294	1,116
Net cash provided by operating activities	20,864	12,520
Investing activities:		
Sale of short-term investments	1,581	3,566
Purchase of short-term investments	(4,449 )	—
Sale of long-term investments	4,873	3,243
Purchase of long-term investments	(5,598 )	—
Release of restricted cash	500	—
Purchase of property and equipment	(25,166 )	(803 )
Net cash (used in) provided by investing activities	(28,259 )	6,006
Financing activities:		
Proceeds from exercise of stock options	5,163	8,906
Issuance of common stock under ESPP	917	716
Repurchase of common stock	(19,899 )	(5,321 )
Net cash (used in) provided by financing activities	(13,819 )	4,301
Net (decrease) increase in cash and cash equivalents	(21,214 )	22,827
Cash and cash equivalents at beginning of period	54,087	8,071
Cash and cash equivalents at end of period	\$32,873	\$30,898
Supplemental Information:		
Capital expenditure accrued but not paid at period end	644	—

The accompanying notes are an integral part of these consolidated financial statements.



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STAMPS.COM INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

1. Summary of Significant Accounting Policies

Basis of Presentation

We prepared the consolidated financial statements included herein without audit pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”) have been condensed or omitted pursuant to such rules and regulations. We believe that the disclosures are adequate to make the information presented not misleading. We recommend that these financial statements be read in conjunction with the audited financial statements and the notes thereto included in our latest annual report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on March 14, 2012.

In our opinion, these unaudited financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to present fairly our financial position as of September 30, 2012, our results of operations for the three and nine months ended September 30, 2012, and our cash flows for the nine months ended September 30, 2012. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

Principles of Consolidation

The consolidated financial statements include the accounts of Stamps.com Inc. and PhotoStamps Inc. In October 2009, we formed PhotoStamps Inc., a wholly owned subsidiary, for the purpose of managing our retail gift card operations. Because 100% of the voting control is held by us, we have consolidated PhotoStamps Inc. in the accompanying consolidated financial statements. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates and Risk Management

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates, and such differences may be material to the financial statements. Examples include estimates of loss contingencies, promotional coupon redemptions, the number of PhotoStamps retail boxes that will not be redeemed, deferred income taxes and estimates regarding the useful lives of our building, patents and other amortizable intangible assets.

Contingencies and Litigation

We are subject to various routine litigation matters as a claimant and a defendant. We record any amounts recovered in these matters when received. We record liabilities for claims against us when the loss is probable and estimable. Amounts recorded are based on reviews by outside counsel, in-house counsel and management. Actual results could differ from estimates.

Fair Value of Financial Instruments

Carrying amounts of certain of our financial instruments including cash, cash equivalents, restricted cash, accounts receivable and accounts payable approximate fair value due to their short maturities. The fair values of investments are determined using quoted market prices for those securities or similar financial instruments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

Property and Equipment

We account for property and equipment at cost less accumulated depreciation and amortization. We compute depreciation using the straight-line method over the estimated useful life of the asset, generally three to five years. We have a policy of capitalizing expenditures that materially increase assets' useful lives and charging ordinary maintenance and repairs to operations as incurred. When property or equipment is disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts, and any gain or loss is included in operations.

On January 23, 2012, we completed the purchase of our new corporate headquarters in El Segundo, California for an aggregate purchase price of \$13.4 million of which approximately \$7.2 million was allocated to land value and \$5.5 million was allocated to building value. The purchase was accounted for as a business combination. The building is being depreciated on a straight-line basis over the estimated useful life of 40 years; the land is an asset that does not get depreciated. As a result of the purchase we also acquired existing leases of building tenants, and \$700,000 of the initial purchase price was allocated to lease-in-place intangible assets and is being amortized over the remaining actual lease terms which are as long as 5.5 years.

Income Taxes

We account for income taxes in accordance with Financial Accounting Standards Board ("FASB") ASC Topic No. 740, Income Taxes ("ASC 740"), which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax basis of recorded assets and liabilities. ASC 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some or all of the net deferred tax assets will not be realized. We record a valuation allowance to reduce our gross deferred tax assets, which are primarily comprised of U.S. Federal and State tax loss carry-forwards, to the amount that is more likely than not (a likelihood of more than 50 percent) to be realized. In order for us to realize our deferred tax assets, we must be able to generate sufficient taxable income. We evaluate the appropriateness of our deferred tax assets and related valuation allowance in accordance with ASC 740 based on all available positive and negative evidence.

Revenue Recognition

We recognize revenue from product sales or services rendered, as well as commissions from advertising or sale of products by third party vendors to our customer base when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable, and collectability is reasonably assured.

Service revenue is primarily derived from monthly subscription and transaction fees and is recognized in the period that services are provided. Product sales, net of return allowances, are recorded when the products are shipped and title passes to customers. Sales of items, including PhotoStamps, sold to customers are made pursuant to a sales contract that provides for transfer of both title and risk of loss upon our delivery to the carrier. Return allowances for expected product returns, which reduce product revenue, are estimated using historical experience. Commissions from the advertising or sale of products by a third party vendor to our customer base are recognized when the revenue is earned and collection is deemed probable.

Customers pay face value for postage purchased for use through our PC Postage software, and the funds are transferred directly from the customers to the United States Postal Service (“USPS”). We do not recognize revenue for this postage, as it is purchased by our customers directly from the USPS.

PhotoStamps revenue, which includes the face value of postage, from the sale of PhotoStamps sheets and rolls is made pursuant to a sales contract that provides for transfer of both title and risk of loss upon our delivery to the carrier.

Sale of PhotoStamps retail boxes are initially recorded as deferred revenue. PhotoStamps revenue related to the sale of these PhotoStamps retail boxes is subsequently recognized when either: 1) the PhotoStamps retail box is redeemed, or 2) the likelihood of the PhotoStamps retail box being redeemed is deemed remote (“breakage”) and there is no legal obligation to remit the value of the unredeemed PhotoStamps retail boxes.

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STAMPS.COM INC. AND SUBSIDIARY  
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(UNAUDITED)

On a limited basis, we allow third parties to offer products and promotions to our customer base. These arrangements generally provide payment in the form of a flat fee or revenue sharing arrangements where we receive payment upon customers accessing third party products and services. Total revenue from such advertising arrangements was not significant during the three and nine months ended September 30, 2012 and 2011.

We provide our customers with the opportunity to purchase parcel insurance directly through our software. Insurance revenue represents the gross amount charged to the customer for purchasing insurance and the related cost represents the amount paid to the insurance broker, Parcel Insurance Plan. We recognize revenue on insurance purchases upon the ship date of the insured package.

PhotoStamps Retail Boxes

We sell PhotoStamps retail boxes that are redeemable for PhotoStamps on our website. The PhotoStamps retail boxes are sold through various third party retail partners. Our PhotoStamps retail boxes are not subject to administrative fees on unredeemed boxes and have no expiration date. PhotoStamps retail box sales are recorded as deferred revenue. Prior to the second quarter of 2011, revenue was recognized only on boxes that were actually redeemed on our website.

During the second quarter of 2011, we concluded that sufficient company-specific historical evidence existed to determine the period of time after which the likelihood of the PhotoStamps retail boxes being redeemed was remote. Based on our analysis of the redemption data, we estimate that period of time to be 60 months after the sale of our PhotoStamps retail boxes.

Beginning in the second quarter of 2011, we began recognizing breakage revenue related to our PhotoStamps retail boxes utilizing the redemption recognition method. Under the redemption recognition method, we recognize breakage revenue from unredeemed retail boxes in proportion to the revenue recognized from the retail boxes that have been redeemed. During the second quarter of 2011, we recognized \$2.2 million, which was \$0.15 on a per share basis using fully diluted shares as of June 30, 2011 (revenue divided by fully diluted shares outstanding, exclusive of any current or prior period costs related to the retail programs), of retail box breakage revenue, of which \$2.1 million related to a cumulative catch-up for previously sold and unredeemed PhotoStamps retail boxes originally recorded as deferred revenue. The retail box breakage revenue recognized was recorded in PhotoStamps revenue. We continue to recognize retail box breakage revenue from PhotoStamps retail boxes using the redemption recognition method. PhotoStamps retail box breakage revenue during the third quarter of 2012 and 2011 were not significant to our consolidated financial statements.

Subsequent Events

We are not aware of any material subsequent events or transactions that have occurred that would require recognition in the financial statements or disclosure in the notes to the consolidated financial statements.

Recent Accounting Pronouncements

In July 2012, FASB issued Accounting Standards Update No. 2012-02, Goodwill and Other (Topic 350) — Testing Indefinite-Lived Intangible Assets for Impairment (ASU 2012-02), which provides the option for companies to first perform a qualitative assessment to determine whether it is more likely than not (a likelihood of more than 50%) that

an indefinite-lived intangible is impaired. This is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. We do not anticipate the adoption of ASU 2012-02 will have a material impact on our consolidated financial statements.

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STAMPS.COM INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

2. Legal Proceedings

We are subject to various routine legal proceedings and claims incidental to our business, and we do not believe that these proceedings and claims would reasonably be expected to have a material adverse effect on our financial position, results of operations or cash flows.

3. Net Income per Share

Net income per share represents net income attributable to common stockholders divided by the weighted average number of common shares outstanding during a reported period. The diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock, including stock options (commonly and hereafter referred to as “common stock equivalents”), were exercised or converted into common stock. Diluted net income per share is calculated by dividing net income during a reported period by the sum of the weighted average number of common shares outstanding plus common stock equivalents for the period.

The following table reconciles share amounts utilized to calculate basic and diluted net income per share (in thousands, except per share data):

	Three Months Ended		Nine Months Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Net income	\$6,977	\$4,528	\$29,260	\$12,880
Basic - weighted average common shares	16,103	14,556	16,273	14,454
Diluted effect of common stock equivalents	572	503	742	253
Diluted - weighted average common shares	16,675	15,059	17,015	14,707
Earnings per share:				
Basic	\$0.43	\$0.31	\$1.80	\$0.89
Diluted	\$0.42	\$0.30	\$1.72	\$0.88

The calculation of dilutive shares excludes the effect of the following options that are considered anti-dilutive (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Anti-dilutive stock option shares	174	182	108	1,344

As of September 30, 2012, there were approximately 2.0 million stock option shares outstanding.

4. Stock-Based Employee Compensation

We estimate the fair value of share-based payment awards on the date of grant using an option-pricing model and recognize stock-based compensation expense during each period based on the value of that portion of share-based

payment awards that is ultimately expected to vest during the period, reduced for estimated forfeitures. We estimate forfeitures at the time of grant based on historical data and revise, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Compensation expense recognized for all employee stock options granted is recognized using the straight-line method over their respective vesting periods of three to five years.



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STAMPS.COM INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

The following table sets forth the stock-based compensation expense that we recognized for the periods indicated (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2012	2011	September 30, 2012	2011
Stock-based compensation expense relating to:				
Employee and director stock options	\$798	\$853	\$2,622	\$2,298
Employee stock purchases	86	154	553	307
Total stock-based compensation expense	\$884	\$1,007	\$3,175	\$2,605

Stock-based compensation expense relating to:

	Three Months Ended		Nine Months Ended	
	September 30, 2012	2011	September 30, 2012	2011
Cost of revenues	\$69	\$90	\$265	\$213
Sales and marketing	197	206	692	574
Research and development	204	234	726	574
General and administrative	414	477	1,492	1,244
Total stock-based compensation expense	\$884	\$1,007	\$3,175	\$2,605

We use the Black-Scholes option valuation model to estimate the fair value of share-based payment awards on the date of grant, which requires us to make a number of highly complex and subjective assumptions, including stock price volatility, expected term, risk-free interest rates and projected employee stock option exercise behaviors. In the case of options we grant, our assumption of expected volatility is based on the historical volatility of our stock price over the term equal to the expected life of the options. We base the risk-free interest rate on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life of the options assumed at the date of grant. The estimated expected life represents the weighted-average period the stock options are expected to remain outstanding, determined based on an analysis of historical exercise behavior.

The following are the weighted average assumptions used in the Black-Scholes valuation model for the periods indicated:

	2012	Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2012	2011	2012	2011
Expected dividend yield	—	—	—	—	—
Risk-free interest rate	0.4	30% July 1, 2002 to March 15, 2003			
Independent Magazine Contractor DaVinci		January 1, 2000 to June 30, 2002			
Independent Magazine Contractor Digital Diner		January 1, 2000 to June 30, 2002			
Independent Magazine Contractor Shock Waves		January 1, 2000 to June 30, 2002			

Significant Employees as of January 8, 2008

Geoffrey O'Neill, PhD (57) - Chief Scientific Advisor

Since August 9, 2006, Dr. Geoffrey O'Neil, is an independent contractor and not as an employee, has served as our Chief Scientific Advisor.

Dr. Geoffrey O'Neill received his Ph.D. in Immunology from the University of Glasgow in 1973.

In 1974, he undertook post-doctoral training under the guidance of Dr. Robert A Good (who performed the first bone marrow transplantation in a patient with immunodeficiency) at Memorial Sloan-Kettering Cancer Center in New York. Dr. O'Neill's field of study at Sloan-Kettering was transplantation immunobiology. Dr. O'Neill was a Research Fellow with Dr. Robert A. Good from 1974 - 1976. No formal certification of this training was provided to any of Dr. Good's Fellows.

In 1982, Dr. O'Neill was the recipient of the Jean Julliard Prize for Outstanding Research. This Award was granted by the International Society of Blood Transfusion, presented in Budapest, Hungary. The International Society of Blood Transfusion is a scientific society, founded in 1935 which brings together professionals involved in blood transfusion and transfusion medicine from more than 85 countries.

In April 1975, Dr. O'Neill was awarded the JM Foundation Award from the JM Foundation; a New York based philanthropic organization that makes grants (awards) to various organizations and institutions. The JM Foundation award is given to post doctoral trainees by merit of their research. This award, which was given to Dr. O'Neill while a post doctoral fellow at Memorial Sloan-Kettering Cancer center, resulted in a grant to Memorial Sloan-Kettering Cancer Center.

Dr. O'Neill's academic career covers tenures as Visiting Professor, NIH-RCMI Program, University of Puerto Rico, School of Medicine, San Juan; Associate Professor of Pathology and Assistant Medical Director, Transfusion Medicine, University of Miami, Jackson Memorial Hospital; Visiting Professor, Institute of Immunology, University of Munich, FRG; Associate Professor of Graduate Medical Sciences, Cornell University School of Medicine New York. Dr. O'Neill has authored and co-authored over 90 publications of which 87 primarily focused on the field of bone marrow transplantation and 3, co-authored by Dr. O'Neill, primarily focused on stem cell biology. Three publications were co-authored with Dr. Good, of which one primarily focused on stem cell biology. Dr. O'Neill was employed by Cryo-Cell International as Laboratory and Scientific Director from April 1999 through July 2003.

Dr. O'Neill's education includes the following: Ph.D. - Immunology (1973), University of Glasgow, Glasgow, Scotland, B.Sc. - Microbiology (1970), University of Glasgow, Glasgow, Scotland

Five Year Employment History:

Position:	Company Name:	Employment Dates:
Chief Scientific Advisor	Bio-Matrix Scientific Group, Inc.	August 9, 2006 to present
President	Frezer Inc., San Diego, CA	May 2, 2005 to present
President	BMXP Holdings, Inc., San Diego, CA	March, 2005 to present
Consultant in Biotechnology	Self employed, Tarpon Springs FL	July, 2004 to March, 2005
Laboratory and Scientific Director	Cryo-Cell International Inc, Clearwater, FL	April, 1999 to June, 2004

Publications co-authored by Dr. O'Neill primarily focused on stem cell biology

1. Kagan, W. A.; O'Neill, G. J.; Incefy, G. S.; Goldstein, G.; Good, R. A.: Induction of human granulocyte differentiation in vitro by ubiquitin and thymopoietin. Blood 50:275, 1977

2. O'Neill GJ, Yang SY, DuPont B: Two HLA-linked loci controlling human complement C4. Proc. Natl. Acad Sci. USA 75:5165, 1978

3. Maharaj D, Lewis-Ximenez, Riley R, Gomez O, and O'Neill GJ: Serum G-CSF levels in patients undergoing G-CSF/chemotherapy mobilized peripheral stem cell harvest. Blood 84:1380, 1994

All journals which have published articles authored or co-authored by Dr. O'Neill.

Immunology

Annals of Immunology

Journal of Reticuloendothelial Society

Journal of Immunology

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Blood

Cellular Immunology  
 Proceedings of the National Academy of Science (USA)

Nature

Transplantation Proceedings

New England Journal of Medicine  
 Transplantation

Immunobiology

Tissue Antigens

American Journal of Human Genetics

Clinical Immunology and Immunopathology  
 Family Relationships

There are no family relationships between Dr. Koos, Mr. Pockett and Dr. O'Neill.  
 Involvement in certain legal proceedings.

During the past five years, no current officer, director or control person of Bio-matrix Scientific Group, Inc. has:  
 ·Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;  
 ·Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);  
 ·Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and  
 ·Being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

### EXECUTIVE COMPENSATION

The following table sets forth information relating to the annual and long-term compensation for the fiscal year ended September 30, 2006:

Name and principal position	Year	SUMMARY COMPENSATION TABLE							Total (\$)
		Salary(\$)	Bonus(\$)	Stock Awards(\$)(a)	Option Awards(\$)	Non-Equity Incentive Plan Compensation(\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	
		0	0	\$292,500	0	0	0	0	\$292,500

Dr. David Koos, Chairman, CEO and President	October 1, 2005 to September 30, 2006							
Mr. Brian Pockett, Vice President, COO and Director	October 1, 2005 to September 30, 2006	0	0	\$292,500	0	0	\$292,500	

(a) issued pursuant to TASCOS HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

The following table sets forth information relating to the annual and long-term compensation for the fiscal year ended September 30, 2007:

SUMMARY COMPENSATION TABLE									
Name and principal position	Year	Salary(\$)	Bonus(\$) (b)	Stock Awards(\$) (c)	Option Awards(\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Dr. David Koos Chairman, CEO and President	October 1, 2006 to September 30, 2007	\$10,000*	\$8,000	\$197,600				\$4,446	\$220,046
Mr. Brian Pockett Vice President, COO and Director	October 1, 2006 to September 30, 2007	\$49,000	\$6,400	\$76,550				\$12,800	\$144,750

Currently, neither of Dr. David Koos or Mr. Brian Pockett is party to an employment agreement with us.

\* Does not include \$12,000 in Accrued Compensation outstanding as of September 30, 2007.

(b) Bonus was granted in Common Shares issued pursuant to pursuant to the TASCOS HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

(c) Stock Awards issued pursuant to TASCOS HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN and BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

(d) Premiums paid by us for employee's health insurance.

Neither of Dr. Koos or Mr. Pockett is party to an executed employment agreement. We are currently compensating Dr. Koos \$12,000 per month for his services, exclusive of any bonuses or benefits. We are currently compensating Mr. Pockett \$7,000 per month for his services, exclusive of any bonuses or benefits.

#### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of the close of business on January 8, 2008, concerning shares of our common stock beneficially owned by (i) each director; (ii) each named executive officer; (iii) by all directors and executive officers as a group; and (iv) each person known by the Company to own beneficially more than 5% of the outstanding shares of common stock.\*

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Common	David R. Koos (a)(b) C/o Bio-Matrix Scientific Group, Inc	13,206,955	56.45%

	8885 REHCO RD.SAN DIEGO CA92121		
Common	Brian Pockett (a) C/o Bio-Matrix Scientific Group, Inc 8885 REHCO RD.SAN DIEGO CA92121	1,766,720	759%
Common	BMXP Holdings Shareholder Business Trust 1010 University Ave #40, San Diego, CA 92103	11,462,570	48.99%
Common	All Officers and Directors As a Group(a)(b)(c)	13,378,915	57.85%

(a) Includes 11,462,570 Common Shares owned by BMXP Holdings Shareholder Business Trust. Dr. David R. Koos is the Trustee of BMXP Holdings Shareholder Business Trust. as well as beneficial owner of 24% of the BMSN common shares owned by the Trust. Mr. Brian Pockett is a beneficial owner of 14% of the BMSN common shares owned by the Trust. (b) Includes shares owned by Bombardier Pacific Ventures Inc., which is wholly owned by Dr. David Koos. (c) Combined holdings of BMXP Shareholder Business Trust, Dr. David Koos' direct holdings and Mr. Brian Pockett's direct holdings.

\*Totals for Dr. David R. Koos and Mr. Brian Pockett include amounts to be distributed by BMXP Trust.

#### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On June 14, 2006, we and Bio-Matrix Scientific Group, Inc., a Delaware corporation currently named BMXP Holdings, Inc.(the "Seller") entered into a Stock Purchase Agreement (the "Acquisition Agreement").

On June 14, 2006, our officers and directors resigned their positions and elected Dr. David R. Koos and Mr. Brian Pockett as in-coming Directors of the Registrant. Following their election and the reconstruction of the Board of Directors, the Registrant's Board of Directors elected Dr. David R. Koos as Chief Executive Officer and President and Mr. Brian Pockett as Chief Operating Officer and Vice President on June 19, 2006

Under the terms of the Acquisition Agreement and pursuant to a separate Escrow Agreement between us and the Seller, We delivered to the Escrow Agent the sum of 10,000,000 shares of the Company's common stock and other corporate and financial records and the Seller delivered to the Escrow Agent 25,000 shares of the common stock of BSMG, a Nevada corporation and wholly owned subsidiary of the Seller. As a part of the transaction and pursuant to the terms of the Acquisition Agreement and Stock Cancellation Agreement between the parties and John Lauring, our former Chairman and Chief Executive Officer, John Lauring returned 10,000,000 shares of the Company held and owned by him for cancellation.

On July 3, 2006, the Acquisition Agreement closed and we acquired the twenty-five thousand (25,000) shares of the Common Stock of BMSG from the Seller in exchange for the payment of the purchase price of: (a) 10,000,000 shares of our common stock and (b) the return for cancellation of 10,000,000 shares of our stock owned and held by John Lauring. At that time, the Escrow Agent released all stock certificates and certain other corporate and financial books and records held pursuant to the Escrow Agreement.

As a result of the Acquisition Agreement, BMSG became our wholly owned subsidiary and the Seller became the holder of approximately 78.24% of our outstanding common stock as of the closing of the Acquisition.

On July 3, 2006, the Company the Company changed its principal offices from 23 Brigham Road, Worcester, MA 01609 to 8885 Rehco Road, San Diego, California 92121

Dr. David R. Koos, the Chairman, CEO and President of the Company, is, and at the time of the acquisition was, the Chairman and Chief Executive Officer of the Seller Inc. as well as beneficial owner of 24% of the share capital of the Seller. Mr. Brian Pockett, Vice President, COO and Director of the Company, is, and at the time of the acquisition was, Chief Operating Officer, Managing Director and a Director of the Seller as well as beneficial owner of 14% of the share capital of the Seller.

On October 11, 2006, the Company entered into an Agreement with BMXP Holdings, Inc (“BMXP”) (“Agreement”) pursuant to which the Company issued to BMXP 1,462,570 common shares of the Company on or prior to October 12, 2006. This issuance will constitute full satisfaction of the amount of \$1,191,619 plus any accrued and unpaid interest, owed to BMXP by the Company.

As further consideration to BMXP for entering into this Agreement and abiding by the terms and conditions thereof, at any time within a period of 365 days from the date of the Agreement, BMXP 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 to register under the Securities Act of 1933, as amended, 11,462,570 common shares of the Company (including the shares issued pursuant to this Agreement) owned by BMXP (“Registerable Securities”), in order that the Registerable Securities may be distributed to BMXP shareholders on a pro rata basis ( based on their ownership of common shares of the Company as of a Record Date to be determined by BMXP), and use its reasonable best efforts to cause that registration statement to be declared effective by the SEC. This right may also be exercised by any entity to which BMXP has transferred ownership of the Registerable Securities in trust for the BMXP Record Shareholders.

On December 5, 2006, we entered into an Agreement with Bio-Technology Partners Business Trust whereby we became obligated to issue to Bio-Technology Partners Business Trust 1,391,935 common shares of the Company on or prior to December 6, 2006. This issuance constituted full satisfaction of the amount of \$246,744 plus accrued interest owed by us to Bio-Technology Partners Business Trust due to loans made to us by Bio-Technology Partners Business Trust between August 24, 2006 and November 10, 2006. This resulted in Bio-Technology Partners Business Trust having become a holder of approximately 8% of our issued and outstanding shares at that point in time.

We also agreed to include these shares issued to Bio-Technology Partners Business Trust in a subsequent registration statement of securities filed by us pursuant to the Securities Act of 1933, as amended, with the United States Securities and Exchange Commission on Form SB-1 or SB-2. Bio-Technology Partners Business Trust has agreed to waive those registration rights.

On April 4, 2007, 985,168 shares of the Company’s common stock were issued to Bombardier Pacific Ventures in full satisfaction of \$246,292 owed by the Company to Bombardier Pacific Ventures. Dr. David R. Koos, the Company’s Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures. On July 30, 2007, 566,217 of the Shares were issued to Bombardier Pacific Ventures in full satisfaction of \$141,554 owed by the Company to Bombardier Pacific Ventures.

#### TAX CONSEQUENCES OF DISTRIBUTION



The following is a general discussion of the material United States federal income tax consequences of the distribution of 11,212,384 of our common shares by the BMXP Trust to the Beneficiaries. This discussion does not address all aspects of United States federal taxation that may be relevant to a particular Beneficiary in light of the Beneficiary's individual investment or tax circumstances. In addition, this discussion does not address state, local or non-U.S. tax consequences or special tax rules that may apply to certain Beneficiaries, including without limitation, taxpayers whose functional currency is not the U.S. dollar. Additionally, the discussion does not consider the tax treatment of partnerships (or other entities treated as partnerships for U.S. federal income tax purposes) or other pass-through entities or persons who hold our units, common stock or warrants through such entities.

This discussion is based on current provisions of the Internal Revenue Code in effect on the date hereof and which are subject to differing interpretations or change, possibly with retroactive effect. We have not sought, and will not seek, any ruling from the Internal Revenue Service ("IRS") with respect to the tax consequences discussed herein, and there can be no assurance that the IRS will not take a position contrary to the tax consequences discussed below or that any position taken by the IRS would not be sustained.

This discussion is only a summary of the material United States federal income tax consequences of the distribution of 11,212,384 of our common shares by the BMXP Trust to the Beneficiaries. Beneficiaries are urged to consult their own tax advisors with respect to the particular tax consequences to them of the distribution of our securities by the BMXP Trust, including the effect of any federal tax laws other than income tax laws, any state, local, or non-U.S. tax laws and any applicable tax treaty.

#### Tax Consequences of the Distribution

It is our belief that pursuant to Section 662 (a) 2 of the Internal Revenue Code, the distribution of our common shares by the BMXP Trust to the Beneficiaries will result in an inclusion to the gross income of each Beneficiary of an amount equivalent to the number of common shares received multiplied by the adjusted basis per share in the hands of the BMXP Trust immediately before the distribution

#### Basis of the common shares received by the Beneficiary

It is our belief that pursuant to Section 643(e) of Internal Revenue Code, the basis of any common shares received by a Beneficiary in the distribution by the BMXP Trust shall be the adjusted basis of such common shares in the hands of the BMXP Trust immediately prior to the distribution.

#### DESCRIPTION OF SECURITIES

The following statements are qualified in their entirety by reference to the detailed provisions of our Certificate of Incorporation and Bylaws. The shares registered pursuant to the registration statement of which this prospectus is a part are shares of common stock, all of the same class and entitled to the same rights and privileges as all other shares of common stock.

## Common Stock

We are authorized to issue 100,000,000 shares of common stock, par value \$0.001 per share and 20,000,000 shares of preferred stock, par value \$0.001 per share. As of August 6, 2007, 23,151,396 shares of common stock were issued and outstanding and no shares of preferred stock were issued and outstanding.

The holders of our common stock are entitled to one vote per share. Our Certificate of Incorporation does not provide for cumulative voting. Upon liquidation, dissolution or winding-up of the company, the holders of our common stock are entitled to share ratably in all assets of the company that are legally available for distribution, after payment of or provision for all liabilities. The holders of our common stock have no preemptive, subscription, redemption or conversion rights.

We do not presently have any options or warrants authorized or any securities that may be convertible into common stock or preferred stock.

We are subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware (“DGCL”). In general, the DGCL prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person becomes an interested stockholder, unless the business combination is approved in a prescribed manner. An “interested stockholder” is a person who, together with affiliates and associates, owns, or within the prior three years did own, 15% or more of the corporation's voting stock. This provision could make it more difficult for an “interested stockholder” to obtain control of us without the approval of the Board of Directors.

## Dividend Policy

The holders of our common stock are entitled to receive dividends, if any, as may be declared by our board of directors out of legally available funds on a pro-rata basis. The company, however, has not declared or paid dividends on its common stock and the current policy of our board of directors is to retain earnings, if any, for the operation and expansion of the company.

## SELLING SHAREHOLDERS

The following table sets forth the names of the Selling Shareholders, the number of shares of common stock beneficially owned by the Selling Shareholders and the number of shares of common stock, which may be offered for sale pursuant to this prospectus by the particular selling stockholder. The offered shares of common stock may be offered from time to time by each of the Selling Shareholders named below. However, the Selling Shareholders are under no obligation to sell all or any portion of the shares of common stock offered, nor are the Selling Shareholders obligated to sell any shares of common stock immediately under this prospectus. Particular Selling Shareholders may not have a preset intention of selling their shares and may offer less than the number of shares indicated. Because the Selling Shareholders may sell all or part of the shares of common stock offered hereby, no estimate can be given as to the number of shares of common stock that will be held by the Selling Shareholders upon termination of any offering made hereby.

Name of Selling Shareholder	Shares of Common Stock owned prior to Offering	Percent of Common Stock Owned Prior to offering	Shares of Common Stock to be Sold*	Shares of Common Stock Owned After Offering
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BMXP Holdings, Inc. Shareholders	11,212,384	11,212,384	0
Business Trust(1)(2)			
Michael Scott Borish	500,000	500,000	0
Robert Clark	416,667	416,667	0
Roy Copeland	6,000	6,000	0
Phillip Davis	4,000	4,000	0
Ken Fisher	54,333	54,333	0
Gordon Forbes	131,000	131,000	0
The Haag Family Trust	275,000	275,000	0
Ronald Paugh	562,500	562,500	0
Steven Kikuchi	100,000	100,000	0
Stephen Glick	100,000	100,000	0
Mark Srour	100,000	100,000	0
Richard Owen	42,162	42,162	0
Wesley Kikuchi	5,000	5,000	0
Stephen J. Reardon	1,000,000	1,000,000	0
Sleezer Family Trust	200,000	200,000	0
Jeffrey Zimmerman	100,000	100,000	0
Worldwide Trust Financial	800,000	800,000	0
First Advisory LLC	250,000	250,000	0
Glen Devore	100,000	100,000	0
John P. Lauring	100,000	100,000	0
Nutmeg / Mercury Fund	400,000	400,000	0
John & Lucy Burns Trust	50,000	50,000	0

Assumes that all of the shares of common stock offered in this Prospectus are sold and no other shares of common stock are sold or issued during the offering period.

11,212,384 of the shares included herein are being distributed to the beneficiaries of the BMXP Holdings, Inc. Shareholders Business Trust a Nevada business trust.

David Koos is the sole trustee of the BMXP Holdings, Inc. Shareholders Business Trust. Dr. David Koos, and Mr. Brian Pockett own 24%, and 15% of the beneficial interest in the BMXP Holdings Shareholders Business Trust, respectively. Dr. David Koos and Mr. Brian Pockett will own 20.22%, and 7.98% of our common shares upon distribution based on 23,151,396 common shares outstanding as of July 30, 2007. Dr. David Koos is our Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO. Further, Mr. Brian Pockett is our Vice President, COO and Director. For these reasons, the shares held by Dr. Koos are “control securities” and Dr. Koos and Mr. Pockett will be required to file Form 144 and adhere to the requirements of Rule 144. In addition, both Dr. Koos and Mr. Pockett will need to comply with Section 16(a) of the Securities Exchange Act of 1934 and file Form 4 upon receipt of the shares and each will need to abide by the prohibitions against short-swing profits found in Section 16(b) of the same statute.

Except as stated above, none of the selling shareholders:

- (1) Has had a material relationship with us other than as a shareholder at any time within the past three years
- (2) Has ever been one of our officers or directors; or
- (3) Are broker-dealers or are affiliated with broker-dealers.

#### PLAN OF DISTRIBUTION

The shares of common stock held by the Selling Shareholders stock will be offered solely by the Selling Shareholders. No underwriters are participating in this offering. To our knowledge, the selling stockholders have not made any arrangements with any brokerage firm for the sale of the shares. The selling stockholders have advised us that they presently intend to dispose of the shares through broker-dealers in ordinary brokerage transactions at market prices prevailing at the time of the sale. However, depending on market conditions and other factors, the selling stockholders may also dispose of the shares through private re-sales.

The selling stockholders, including Dr. Koos and Mr. Pockett, may be considered “underwriters” within the meaning of the Securities Act in connection with the sale of their shares. Any broker-dealers or agents who act in connection with the sale of the shares may also be deemed to be underwriters. Profits on any resale of the shares by selling stockholders and any discounts, commissions or concessions received by such broker-dealers or agents may be deemed to be underwriting discounts and commissions under the Securities Act. Because selling stockholders may be considered to be an underwriter within the meaning of Section 2(a)(11) of the Securities Act, the selling stockholders may be subject to the prospectus delivery requirements of Section 5 of the Securities Act for transactions involving the sale of our common stock.

The selling stockholders are subject to the applicable provisions of the Securities Exchange Act of 1934 and the rules and regulations thereunder, including Regulation M. Regulation M may limit the timing of purchases and sales of any of the shares of our common stock by selling stockholders and any other person distributing our common stock. Furthermore, Regulation M may restrict the ability of any person engaged in the distribution of shares of our common stock to engage in market-making activities with respect to the particular shares of common stock being distributed for a period beginning five business days prior to the commencement of such distribution and ending upon such person's completion of participation in the distribution. All of the foregoing may affect the marketability of our common stock and the ability of any person or entity to engage in market-making activities with respect to our common stock. Rules 101 and 102 of Regulation M, among other things, generally prohibit certain participants in a distribution from bidding for, purchasing or inducing any person to bid for or purchase any of the securities that are the subject of the distribution. Rule 104 of Regulation M governs bids and purchases made to stabilize the price of a security in connection with a distribution of the security.

The shares offered by selling stockholder are being registered pursuant to our contractual obligations and we have agreed to pay the expenses of the preparation of this prospectus.

Regarding all selling shareholders but the BMXP Trust:

The shares may be sold or distributed from time to time by the selling shareholders, directly to one or more purchasers or through brokers or dealers who act solely as agents or may acquire shares as principals, at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at negotiated prices or at fixed prices, which may be changed. The distribution of the shares may be effected in one or more of the following methods:

- (1) On such public markets or exchanges as the common stock may from time to time be trading;

- (2) In privately negotiated transactions;
- (3) Through the writing of options on the common stock;
- (4) In short sales or long; or
- (5) In any combination of these methods of distribution.
- (6) The market price of our common stock prevailing at the time of sale;
- (7) A price related to such prevailing market price of our common stock; or
- (8) Such other price as the selling shareholders determine from time to time.
- (9) The shares may also be sold in compliance with the Securities and Exchange Commission's Rule 144.

The selling shareholders may also sell their shares directly to market makers acting as agents in unsolicited brokerage transactions. Any broker or dealer participating in such transactions as agent, may receive a commission from the selling shareholders, or, if they act as agent for the purchaser of such common stock, from such purchaser. The selling shareholders will likely pay the usual and customary brokerage fees for such services. If applicable, the selling shareholders may distribute shares to one or more entities, who are unaffiliated with us. Such entities may, in turn, distribute such shares as described above.

We can provide no assurance that all or any of the common stock offered will be sold by the selling shareholders.

We are bearing all costs relating to the registration of the common stock. The selling shareholders, however, will pay any commissions or other fees payable to brokers or dealers in connection with any sale of the common stock. The estimated costs of the offering borne by the company for legal and accounting fees are \$15,000.

The selling shareholders must comply with the requirements of the Securities Act of 1933 and the Securities Exchange Act in the offer and sale of the common stock.

Regarding BMXP Trust and the Beneficiaries:

As soon as practicable after this Registration Statement is declared effective by the Securities and Exchange Commission, the BMXP Trust plans to distribute 11,212,384 of its common shares of us to the beneficiaries. The remainder of the shares held by the BMXP Trust are also being registered with the Securities and Exchange Commission and may be sold as described in the section of this prospectus captioned "Regarding all selling shareholders but the BMXP Trust". The following information is applicable to the Beneficiaries.

Distributing Company	BMXP Holdings, Inc. Shareholders Business Trust
Property to be Distributed	11,212,384 common shares of Bio Matrix Scientific Group, Inc
Record Date	This distribution is to be made to May 28, 2007 shareholders of record of BMXP Holdings, Inc.
Distribution Date	As soon as practicable
Distribution Ratio	1 Common Share of Bio Matrix Scientific Group, Inc for every 3 shares of BMXP Holdings, Inc. common stock held as of the Record Date.
Distribution Agent/Transfer Agent	Signature Stock Transfer, Inc.
Relationship with BMXP Holdings, Inc. Shareholders Business Trust subsequent to the distribution	None

## Legal Proceedings

None

## DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Our certificate of incorporation provides for our indemnification, to the fullest extent permitted or authorized by Florida general corporate law, of any officer, director, employee or agent of our company with respect to claims arising or asserted against such person by reason of him or her being or having been an officer, director, employee or agent of our company. Insofar as indemnification for liabilities arising under the Securities Act of 1933, known as the "Act," is permitted to our directors, officers and controlling persons, pursuant to the foregoing provisions or otherwise, we have been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

## LEGAL MATTERS

The validity of the shares offered under this prospectus is being passed upon for us by William Aul, Esq.

## EXPERTS

The financial statements for the year ended September 30, 2006 and included in this prospectus and registration statement have been audited by Chang Park, CPA an independent registered public accounting firm, to the extent and for the periods indicated in their report, and are included in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

The financial statements for the quarter ended March 31, 2007 and included in this prospectus and registration statement have been reviewed by Chang Park, CPA an independent registered public accounting firm, to the extent and for the periods indicated in their report, and are included in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

The financial statements for the year ended September 30, 2005 and included in this prospectus and registration statement have been audited by Armando Ibarra, CPA an independent registered public accounting firm, to the extent and for the periods indicated in their report, and are included in reliance upon such report and upon the authority of such firm as experts in accounting and auditing. Ibarra's report is incorporated by reference.

## INTERESTS OF NAMED EXPERTS AND COUNSEL

No expert or counsel named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the common stock was employed on a contingency basis, or had, or is to receive, in connection with the offering, any interest, direct or indirect, in our company or any of our subsidiaries. Nor was any such person connected with us, or any of our subsidiaries, as a promoter, managing or principal underwriter, voting trustee, director, officer, or employee.

## Transfer Agent

The transfer agent for our common stock is Signature Stock Transfer, Inc. Signature Stock Transfer Inc.'s address is 2301 Ohio Drive, Suite 100, Plano, Texas 75093 and telephone number is 972.612.4120.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form SB-2 under the Securities Act of 1933, relating to the shares of our common stock being offered by this prospectus. For further information pertaining to our common stock and the shares of common stock being offering by this prospectus, reference is made to such registration statement. This prospectus constitutes the prospectus we filed as a part of the registration statement and it does not contain all information in the registration statement, certain portions of which have been omitted in accordance with the rules and regulations of the SEC.

In addition, we will be subject to the informational requirements of the Securities Exchange Act of 1934, and, in accordance with such requirements, we will be required to file reports, proxy statements and other information with the SEC relating to our business, financial statements and other matters. Reports and proxy and information statements filed under Section 14(a) and 14(c) of the Securities Exchange Act of 1934 and other information filed with the SEC as well as copies of the registration statement can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, and at the SEC's Midwest Regional Offices at 500 West Madison Street, Chicago, Illinois 60606. Copies of such material can also be obtained at prescribed rates from the Public Reference Section of the SEC at its principal office at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1.800.SEC.0330 for further information on the operation of the public reference room. Such material may also be obtained electronically by visiting the SEC's web site on the Internet at <http://www.sec.gov>. We anticipate that our common stock will be quoted on The OTC Bulletin Board Market under the symbol BMSN.

Copies of our filings with the SEC will also be available, free of charge at [www.sec.gov](http://www.sec.gov).

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Bio-Matrix Scientific Group, Inc.  
(Formerly Tasco International, Inc.)  
(A Development Stage Company)

We have audited the accompanying consolidated balance sheets of Bio-Matrix Scientific Group, Inc. and subsidiary (Formerly Tasco International, Inc.) (A Development Stage "Company") as of September 30, 2007 and 2006 and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the year ended September 30, 2007 and for the nine months ended September 30, 2006, and for the period from August 2, 2005 (inception) to September 30, 2007. These consolidated financial statements are the responsibility of the Company's management.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bio-Matrix Scientific Group, Inc. and subsidiary as of September 30, 2007 and 2006, and the results of its operation and its cash flows for the year ended September 30, 2007 and for the nine months ended September 30, 2006, and for the period from August 2, 2005 (inception) to September 30, 2007 in conformity with U.S. generally accepted accounting principles.

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 5 to the consolidated financial statements, the Company's losses from operations raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Chang G. Park\_\_

CHANG G. PARK, CPA

December 19, 2007

San Diego, CA. 91910





BIO-MATRIX SCIENTIFIC GROUP, INC.  
(Formerly Tasco International, Inc.)  
(A Development Stage Company)  
Balance Sheet

## ASSETS

	As of September 30, 2007	As of September 30, 2006
<b>CURRENT ASSETS</b>		
Cash	\$ 44,110	\$ 22,641
Pre-paid Expenses	11,298	20,207
<b>Total Current Assets</b>	<b>55,408</b>	<b>42,848</b>
<b>PROPERTY &amp; EQUIPMENT</b>	<b>365,323</b>	<b>340,557</b>
<b>GOODWILL</b>		
Intangible Assets/Technology		
<b>Total Other Assets</b>	<b>23,092</b>	<b>29,127</b>
<b>TOTAL ASSETS</b>	<b>\$ 443,823</b>	<b>\$ 412,532</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Bank overdraft	11,534	
Accounts payable	\$ 9,015	\$ 91,079
Loans from former parent	-	1,195,196
Notes Payable	41,609	148,952
Accrued Payroll	12,000	-
Accrued Payroll Taxes	30,181	4,983
Accrued Interest	2,858	1,368
Accrued expenses	-	11,477
<b>Total Current Liabilities</b>	<b>\$ 107,197</b>	<b>\$ 1,453,055</b>

<b>LONG TERM LIABILITIES</b>				-	-
<b>TOTAL LIABILITIES</b>				\$ 107,997	\$ 1,453,055
<b>STOCKHOLDERS' EQUITY</b>					
<b>Common Stock, (\$.0000 par value)</b>					
authorized 80,000,000 shares authorized; 13,385,000 and 23,229,396					
shares issued and outstanding					
as of September 30, 2006 and September 30, 2007, respectively				2,323	1,339
Additional paid-in Capital				5,208,244	1,379,332
Deficit accumulated during the development stage				(4,873,941)	(2,421,194)
Total Stockholders' Equity (Deficit)				\$ 336,626	\$ (1,040,523)
<b>TOTAL LIABILITIES</b>					
<b>&amp; STOCKHOLDERS' EQUITY</b>				\$ 432,823	\$ 412,532

The Following Notes are an integral part of these Financial Statements

BIO-MATRIX SCIENTIFIC GROUP, INC.  
(Formerly Tasco International, Inc.)  
Consolidated Statements of Operations

	12 Months Ended Sept 30, 2007	9 Months Ended Sept 30, 2006	August 2, 2005 (inception)  Through Sept 30, 2007
<b>REVENUES</b>			
Sales	\$ -	-	\$ -
<b>Total Revenues</b>			
<b>COSTS AND EXPENSES</b>			
Research and Development	261,077	75,453	471,917
General and administrative	1,131,756	1,138,364	2,456,322
Depreciation and amortization	1,333	742	2,215
Consulting and professional fees	1,035,177	801,635	1,882,866
Impairment of intangibles	0	34,688	34,688
<b>Total Costs and Expenses</b>			
	2,429,343	2,050,882	4,848,008
<b>OPERATING LOSS</b>			
	(2,429,343)	(2,050,882)	(4,848,008)
<b>OTHER INCOME &amp; (EXPENSES)</b>			
Interest Expense	(23,636)	(2,367)	(26,165)
Other Expense	(74)	-	(74)
Interest Income	306	-	306
<b>Total Other Income &amp; (Expenses)</b>			
	(23,404)	(2,367)	(25,933)
<b>NET INCOME (LOSS)</b>			
	\$ (2,452,747)	(2,053,249)	\$ (4,873,941)
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE</b>			
	\$ (0.13)	\$ (0.19)	

BASIC AND DILUTED EARNINGS  
(LOSS) PER SHARE

WEIGHTED AVERAGE NUMBER  
OF

COMMON SHARES

OUTSTANDING

18,397,245

10,960,440

The Following Notes are an integral part of these Financial Statements

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BIO-MATRIX SCIENTIFIC GROUP INC. AND SUBSIDIARY  
(FORMERLY TASCO INTERNATIONAL, INC.)

Consolidated Statement of Stockholders' Equity  
From August 2, 2005 through September 30, 2007

	Common Shares	Common Amount	Additional Paid-in Capital	Retained Earnings	Total
Shares issued to parent	25,000	35,921	-		35,921
Net Loss August 2, 2005 through September 30, 2005				(1,000)	(1,000)
Balance September 30, 2005	25,000	35,921	-	(1,000)	34,921
Net Loss October 1, 2005 through December 31, 2005				(366,945)	(366,945)
Balance December 31, 2005	25,000	35,921	-	(367,945)	(332,024)
Recapitalization	9,975,000	(34,921)	34,921		-
Stock issued Tasco merger	2,780,000	278	(278)		-
Stock issued for services	305,000	31	759,719		759,750
Stock issued for Compensation	300,000	30	584,970		585,000
Net Loss January 1, 2006 through September 30, 2006				(2,053,249)	(2,053,249)
Balance September 30, 2006	13,385,000	1,339	1,379,332	(2,421,194)	(1,040,523)
Stock issued for services	2,118,623	212	974,580		974,792
Stock issued for Compensation	547,620	55	325,291		325,346
Stock issued for Cash	1,940,666	195	484,972		485,167
Stock issued in exchange for canceling debt	5,237,487	523	2,044,069		2,044,592
Net Loss October 1, 2006 through September 30, 2007				(2,452,747)	(2,452,747)
Balance September 30, 2007	23,229,396	2,323	5,208,244	(4,873,941)	336,626

The Following Notes are an integral part of these Financial Statements

BIO-MATRIX SCIENTIFIC GROUP, INC. AND SUBSIDIARY  
(FORMERLY TASCO INTERNATIONAL, INC.)  
( A Development stage Company)  
Consolidated Statements of Cash Flows

	12 Months Ended Sept 30, 2007	9 Months Ended Sept 30, 2006	August 2, 2005 (inception)  through Sept 30, 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss)	\$ (2,452,747)	\$ (2,053,249)	\$ (4,873,941)
Adjustments to reconcile net loss to net cash (used in) provided			
by operating activities:			
Depreciation expense	1,333	742	2,215
Stock issued for compensation	325,344	585,000	910,344
Stock issued for services	974,792	759,750	1,734,542
Changes in operating assets and liabilities:			
(Increase) decrease in prepaid expenses	8,909	(15,074)	(11,298)
Increase (Decrease) in accounts payable	(82,064)	67,878	9,015
Increase (Decrease) in accrued expenses	57,155	15,799	74,983
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(1,167,278)</b>	<b>(639,154)</b>	<b>(2,154,140)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
( Increase) Decrease in deposits	6,035	-	(23,092)
Purchases of fixed assets	(26,100)	(237,874)	(367,539)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(20,065)</b>	<b>(237,874)</b>	<b>(390,631)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase (Decrease) in bank overdraft	11,534	-	11,534
Common stock issued for cash	194	-	1,472
Additional paid in capital	484,972		519,615
Principal borrowings on notes	712,112	148,952	861,064

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Net borrowings from related parties	-	750,450	1,195,196
Net Cash Provided by (Used in) Financing Activities	1,208,812	899,402	2,588,881
Net Increase (Decrease) in Cash	21,469	22,374	44,110
Cash at Beginning of Period	22,641	267	-
Cash at End of Period	\$ 44,110	22,641	44,110
Significant non-cash activities:			
Stock issued to cancel debt	\$ 2,044,592	\$ -	\$ 2,044,592
Total	2,044,592	-	2,044,592
Supplemental Cash Flow Disclosures:			
Cash paid during period for interest	\$ 111	-	\$ -
Cash paid during period for taxes	\$ 800	800	\$ -

The Following Notes are an integral part of these Financial Statements



BIO-MATRIX SCIENTIFIC GROUP, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

As of September 30, 2007

NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

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

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

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

As a result of this transaction, the former stockholder of Bio-Matrix Scientific Group, Inc held approximately 80% of the voting capital stock of the Company immediately after the transaction. For financial accounting purposes, this acquisition was a reverse acquisition of the Company by Bio-Matrix Scientific Group, Inc under the purchase method of accounting, and was treated as a recapitalization with Bio-Matrix Scientific Group, Inc. as the acquirer.

Accordingly, the financial statements have been prepared to give retroactive effect to August 2, 2005 (date of inception), of the reverse acquisition completed on July 3, 2006, and represent the operations of Bio-Matrix Scientific Group, Inc.

Bio-Matrix Scientific Group, Inc. (“BMSG”) is a development stage company in the business of designing, developing, and marketing medical devices, specifically disposable instruments used in stem cell extraction and tissue transfer procedures and operating cryogenic cellular storage facilities, specifically stem cell banking facilities. BMSG is the Company's only subsidiary and operating entity at this time.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred. The Company has adopted a September 30, year-end.

B. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. DEVELOPMENT STAGE

The Company is a development stage company that devotes substantially all of its efforts in the development of its plan to operate in the field of the development, manufacture and marketing of medical devices and the operation of cellular storage facilities, specifically stem cell banking facilities.

#### D. CASH EQUIVALENTS

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

#### E. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Maintenance and repairs are expensed in the year in which they are incurred. Expenditures that enhance the value of property and equipment are capitalized.

The Company has depreciated property and equipment by the straight-line method over the useful life.

#### F. INCOME TAXES

Income taxes are provided in accordance with Statement of Financial accounting Standards No. 109 (SFAS 109), Accounting for Income Taxes. A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carry forwards. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

## G. BASIC EARNINGS (LOSS) PER SHARE

In February 1997, the FASB issued SFAS No. 128, "Earnings Per Share", which specifies the computation, presentation and disclosure requirements for earnings (loss) per share for entities with publicly held common stock. SFAS No. 128 supersedes the provisions of APB No. 15, and requires the presentation of basic earnings (loss) per share and diluted earnings (loss) per share. The Company has adopted the provisions of SFAS No. 128 effective October 6, 1998 (inception).

Basic net loss per share amounts is computed by dividing the net income by the weighted average number of common shares outstanding. Diluted earnings per share are the same as basic earnings per share due to the lack of dilutive items in the Company.

## NOTE 3. Property and equipment

Property and equipment as of September 30, 2007 and 2006 consists of the following:

Acquisition cost:	Estimate useful life (year)		2007	2006
Production Equipment	3 to 5	US\$	93,315	93,315
Production Clean room	10		78,261	56,917
Leasehold improvement	10		188,980	185,482
Office equipment	3 to 5		4,311	3,057
Computer	3		2,668	2,668
<b>Subtotal</b>			<b>367,535</b>	<b>341,439</b>
Less accumulated depreciation			(2,212)	(882)
<b>Total</b>		<b>US\$</b>	<b>365,323</b>	<b>340,557</b>

Depreciation expenses were \$1,333 for the years ended September 30, 2007 and \$742 for the nine months ended September 30, 2006, respectively.

## NOTE 4. WARRANTS AND OPTIONS

On July 17, 2006 the Company signed a public relations agreement with OTCFN which called for the issuance of an option agreement for 200,000 options exercisable at \$4.50 per share. These options expired unexercised six months from the date of execution of the agreement

## NOTE 5. 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 \$4,884,887 during the period from August 2, 2005 (inception) through September 30, 2007. This condition raises substantial doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to meet its obligations, to obtain additional financing as may be required and ultimately to attain profitability. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management plans to raise additional funds through debt or equity offerings. 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.

## NOTE 6. INCOME TAXES

As of September 30 , 2007

Deferred tax assets:

Net operating tax carry forwards	\$	1,657,140
Other		-0-
Gross deferred tax assets		1,657,140
Valuation allowance		(1,657,140)
Net deferred tax assets	\$	-0-

As of September 30 , 2006

Deferred tax assets:

Net operating tax carry forwards	\$	853,117
Other		-0-
Gross deferred tax assets		853,117
Valuation allowance		(853,117)
Net deferred tax assets	\$	-0-

As of September 30, 2007 the Company has a Deferred Tax Asset of \$1,657,140 (as of September 30, 2006: \$853,117) completely attributable to net operating loss carry forwards of approximately \$4,873,941 (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 and

(b) 4, 835,325 attributable to BMSG.

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 7. RELATED PARTY TRANSACTION

On July 3, 2006, the Company acquired 100% of the share capital of BMSG from BMXP Holdings, Inc., formerly named Bio-matrix Scientific Group, Inc. in a reverse acquisition (See Note 11).

David R. Koos, the Chairman, CEO and President of the Company, is, and at the time of the acquisition was, the Chairman and Chief Executive Officer of BMXP Holdings Inc. as well as beneficial owner of 24% of the share capital of BMXP Holdings, Inc. Brian Pockett, Vice President, COO and Director of the Company, is, and at the time of the acquisition was, Chief Operating Officer, Managing Director and a Director of BMXP Holdings Inc. as well as beneficial owner of 14% of the share capital of BMXP Holdings, Inc.

On October 11, 2006, the Company entered into an Agreement with BMXP Holdings, Inc (“BMXP”) (“Agreement”) pursuant to which the Company issued to BMXP 1,462,570 common shares of the Company on or prior to October 12, 2006. This issuance will constitute full satisfaction of the amount of \$1,191,619 plus any accrued and unpaid interest, owed to BMXP by the Company.

As further consideration to BMXP for entering into this Agreement and abiding by the terms and conditions thereof, at any time within a period of 365 days from the date of the Agreement, BMXP 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 to register under the Securities Act of 1933, as amended, 11,462,570 common shares of the Company (including the shares issued pursuant to this Agreement) owned by BMXP (“Registerable Securities”), in order that the Registerable Securities may be distributed to BMXP shareholders on a pro rata basis (based on their ownership of common shares of the Company as of a Record Date to be determined by BMXP), and use its reasonable best efforts to cause that registration statement to be declared effective by the SEC. This right may also be exercised by any entity to which BMXP has transferred ownership of the Registerable Securities in trust for the BMXP Record Shareholders.

On April 4, 2007, 985,168 shares of the Company’s common stock were issued to Bombardier Pacific Ventures in full satisfaction of \$246,292 owed by the Company to Bombardier Pacific Ventures. David R. Koos, the Company’s Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO is the sole beneficial owner of Bombardier Pacific Ventures.

On July 30, 2007, the Company issued 566,217 common shares to Bombardier Pacific Ventures in satisfaction of the principal amount of \$141,554 owed by the Company to Bombardier Pacific Ventures. David R. Koos, the Company’s Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of

## Bombardier Pacific Ventures.

Between October 12, 2007 and November 9, 2007, the Company borrowed \$106,240 from Bombardier Pacific Ventures. David R. Koos, the Company's Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures. In consideration for this loan, the Company issued Bombardier Pacific Ventures a series of Notes, callable at par plus any accrued and unpaid interest by the company upon five days written notice, bearing simple interest at 15% maturing on the following dates:

Due Date	Principal Amount
October 25, 2008	\$3620
October 19, 2008	\$10,000
November 9, 2008	\$14000
October 25, 2008	\$19,500
October 12, 2008	\$28,000
November 2, 2008	\$31,300

## NOTE 8. 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, 6, 2006 the Company issued 8,850 shares of common stock to consultants for services pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On October 11, 2006 the Company issued 43,000 shares of common stock to consultants for services pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On October 11, 2006, the Company shall issued 1,462,570 common shares of the Company to BMXP Holdings Inc. in full satisfaction of the amount of \$1,191,619 plus accrued and unpaid interest, owed to BMXP Holdings, Inc. by the Company.

On November 10, 2006 the Company issued 100,000 shares of common stock to management pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On November 10, 2006 the Company issued 25,000 shares of common stock to consultants for services pursuant to the TASC HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On December 5, 2006 the Company issued 8,334 shares of common stock to a consultant for services pursuant to the TASC0 HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On December 5, 2006 the Company issued 1,391,935 shares of common stock to Bio-Technology Partners Business Trust which constituted full satisfaction of the amount of \$246,744 plus accrued interest owed by the Company to Bio-Technology Partners Business Trust.

On December 14, 2006 the Company issued 68,700 shares of common stock to management, employees and consultants for services pursuant to the TASC0 HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

During the quarter ended March 31, 2007 the Company issued 143,920 shares of common stock to management and employees as compensation pursuant to the TASC0 HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

During the quarter ended March 31, 2007 the Company issued 359,310 to consultants for services pursuant to the TASC0 HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On March 9, 2007 the Company issued 500,000 shares of common stock to Bio-Technology Partners Business Trust which constituted full satisfaction of the amount of \$125,000 owed by the Company to Bio-Technology Partners Business Trust.

During the quarter ended March 31, 2007 the Company issued 500,000 shares of common stock for cash consideration of \$125,000.

On April 4, 2007, the Company issued 240,666 common shares for cash consideration of \$60,166.

On April 4, 2007, the Company issued 27,589 Shares to two purchasers as consideration for services rendered valued at \$6,758.

On April 4, 2007, the Company issued 5,000 common shares as consideration for services rendered valued at \$1,250.

On April 4, 2007, the Company issued 40,000 common shares to management and employees as compensation pursuant to the TASC0 HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On April 4, 2007, 985, 168 shares of the Company's common stock were issued to Bombardier Pacific Ventures in full satisfaction of \$246,292 owed by the Company to Bombardier Pacific Ventures. David R. Koos, the Company's Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures

On April 18, 2007, the Company issued 5,000 common shares to an employee as compensation pursuant to the TASC0 HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On April 18, 2007, the Company issued 5,000 common shares pursuant to the TASC0 HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered valued at \$3,750

On May 22, 2007, the Company issued 15,000 common shares pursuant to the TASCO HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered valued at \$9,300.

On May 22, 2007 the Company issued 65,000 common shares to management pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

On June 7, 2007, the Company issued 32,040 common shares pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered valued at \$20,185.

On June 7, 2007, the Company issued 5,000 common shares to an employee as compensation pursuant to the TASCO HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN.

On June 21, 2007, 331,597 shares of the Company's common stock were issued to Venture Bridge Advisors in full satisfaction of \$82,900 owed by the Company to Venture Bridge Advisors.

On June 28, 2007 the Company issued 321,500 common shares pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered valued at \$176,825.

On June 28, 2007 the Company issued 35,000 common shares to management pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

On July 12, 2007, the Company issued 23,000 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

On July 30, 2007, the Company issued 500,000 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered

On July 30, 2007, the Company issued 155,000 common shares to management pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

On July 30, 2007, the Company issued 566,217 common shares to Bombardier Pacific Ventures in satisfaction of the principal amount of \$141,554 owed by the Company to Bombardier Pacific Ventures. David R. Koos, the Company's Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures.

On July 31, 2007, the Company issued 760,000 common shares for cash consideration of \$190,000.

On August 6, 2007, the Company issued 620,000 common shares to consultants as consideration for services rendered.

On August 6, 2007, the Company issued 440,000 common shares for cash consideration of \$110,000



On September 10, 2007, the Company issued 55,000 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered

#### NOTE 9. STOCKHOLDERS' EQUITY

The stockholders' equity section of the Company contains the following classes of capital stock as of September 30, 2007:

\* Preferred stock, \$ 0.0001 par value; 20,000,000 shares authorized: -0- shares issued and outstanding.

\* Common stock, \$ 0.0001 par value; 80,000,000 shares authorized: 23,229,396 shares issued and outstanding

#### NOTE 10. 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.

##### Lease Commitments

Ending September 30	Amounts
2008	\$ 241,611
2009	248,864
2010	234,377
2011	42,614
Total	\$ 767,466

Since the signing of this lease, BMSG has been improving this facility and has made substantial progress toward creating a cGMP (Good Manufacturing Practices) and cGTP (Good Tissue Practices) compliant facility specifically designed for the cryogenic storage of stem cells, medical device engineering, stem cell research and stem cell specimen processing laboratories.

The Company expects to have the facility licensed by the State of California and registered with the FDA.

Concurrently, the Company has been developing the policies and procedures needed for processing stem cells for cryogenic storage.

#### NOTE 11. ACQUISITION OF BIO-MATRIX SCIENTIFIC GROUP (NEVADA).

On June 14, 2006, the Company and Bio-Matrix Scientific Group, Inc., a Delaware corporation (the "Seller") entered into a Stock Purchase Agreement (the "Acquisition Agreement").

Under the terms of the Acquisition Agreement and pursuant to a separate Escrow Agreement between the Company and the Seller, The Company delivered to the Escrow Agent the sum of 10,000,000 shares of the Company's common stock and other corporate and financial records and the Seller delivered to the Escrow Agent 25,000 shares of the common stock of BSMG., a Nevada corporation (the "Subsidiary"). As a part of the transaction and pursuant to the terms of the Acquisition Agreement and Stock Cancellation Agreement between the parties and John Lauring, the Company's former Chairman and Chief Executive Officer, John Lauring returned 10,000,000 shares of the Company held and owned by him for cancellation.

On June 14, 2006, the Company's officers and directors resigned their positions and elected Dr. David R. Koos and Mr. Brian Pockett as in-coming Directors of the Registrant. Following their election and the reconstruction of the Board of Directors, the Registrant's Board of Directors elected Dr. David R. Koos as Chief Executive Officer and President and Mr. Brian Pockett as Chief Operating Officer and Vice President on June 19, 2006.

On July 3, 2006, the Acquisition Agreement closed and Company acquired the twenty-five thousand (25,000) shares of the Common Stock of the Subsidiary from the Seller in exchange for the payment of the purchase price of 10,000,000 shares of the common stock of the Company and the 10,000,000 shares of the Company owned and held by John Lauring were returned to the Company for cancellation. At that time, the Escrow Agent released all stock certificates and certain other corporate and financial books and records held pursuant to the Escrow Agreement.

As a result of the Acquisition Agreement, the Subsidiary became a wholly owned subsidiary of the Company and the Seller became the holder of approximately 78.24% of the outstanding common stock of the Registrant. For financial accounting purposes, this acquisition was a reverse acquisition of the Company by Bio-Matrix Scientific Group, Inc under the purchase method of accounting, and was treated as a recapitalization with Bio-Matrix Scientific Group, Inc. as the acquirer.

#### NOTE 12. TASC0 HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN

On July 25, 2006 the Company adopted the TASC0 HOLDINGS INTERNATIONAL, INC. 2006 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN ("the Plan") which provides for the issuance of up to 1,500,000 authorized but unissued shares of Common Stock to eligible employees and consultants for services rendered ("Award Shares" or "Awards"). These Award Shares were registered with the Securities and Exchange Commission ("Commission") on Form S-8 filed with the Commission on August 8, 2006. This Plan shall terminate on July 15, 2016.

Award Shares may be issued to Eligible Persons (The term "Eligible Person" means any natural person who, at a particular time, is an employee, officer, director, consultant, or advisor of the Company or any Parent or Subsidiary of the Company; provided that, in the case of consultants or advisors such services are not in connection with the offer and sale of securities in a capital-raising transaction and /or such services are not intended to directly or indirectly promote or maintain a market for the Company 's securities) in any of the following instances:

- (i) as a bonus for services previously rendered and compensated, in which case the recipient of the Award Shares shall not be required to pay any consideration for such Award Shares, and the value of such Award Shares shall be the Fair Market Value of such Award Shares on the date of grant; or
- (ii) as compensation for the previous performance or future performance of services or attainment of goals, in which case the recipient of the Award Shares shall not be required to pay any consideration for such Award Shares (other than the prior performance of his services or the assumption of the obligation of future performance of services ).

The Plan is currently administered by the Plan Committee, which currently consists of the entire Board of Directors of the Company, and which has sole and absolute discretion to interpret and determine the effect of all matters and questions relating to this Plan.

The Plan Committee has the full and final authority in its sole discretion, at any time and from time-to-time, subject only to the express terms, conditions and other provisions of the Articles of Incorporation of the Company and this Plan, and the specific limitations on such discretion set forth herein, to:

- (i) Designate the Eligible Persons or classes of Eligible Persons eligible to receive Awards from among the Eligible Persons;
- (ii) Grant Awards to such selected Eligible Persons or classes of Eligible Persons in such form and amount (subject to the terms of the Plan) as the Plan Committee shall determine;
- (iii) Interpret the Plan, adopt, amend and rescind rules and regulations relating to the Plan, and make all other determinations and take all other action necessary or advisable for the implementation and administration of the Plan; and
- (iv) Delegate all or a portion of its authority to one or more directors of the Company who are executive officers of the Company, subject to such restrictions and limitations (such as the aggregate number of shares of Common Stock that may be awarded) as the Plan Committee may decide to impose on such delegate directors.

As of September 30, 2007 , 1,454,772 shares have been issued pursuant to the Plan

	Number of Shares
As of September 30, 2007:	
Granted	1,454,772*
Remaining shares available for issuance under the Plan as of September 30, 2007	45,228

\*Does not include 300,000 shares which were issued erroneously and subsequently cancelled

**NOTE 13. BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN**

On June 3 , 2007 the Company adopted the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN (“the Bio Plan”) which provides for the issuance of up to 1,500,000 authorized but unissued shares of Common Stock to eligible employees and consultants for services rendered (“Award Shares” or “Awards”). These Award Shares were registered with the Securities and Exchange Commission (“Commission”) on Form S-8 filed with the Commission on June 5, 2007. This Bio Plan shall terminate on June 3, 2017.

Award Shares may be issued to Eligible Persons (The term "Eligible Person" means any natural person who, at a particular time, is an employee, officer, director, consultant, or advisor of the Company or any Parent or Subsidiary of the Company; provided that, in the case of consultants or advisors such services are not in connection with the offer and sale of securities in a capital-raising transaction and /or such services are not intended to directly or indirectly promote or maintain a market for the Company ’s securities) in any of the following instances:

(i) as a bonus for services previously rendered and compensated, in which case the recipient of the Award Shares shall not be required to pay any consideration for such Award Shares, and the value of such Award Shares shall be the Fair Market Value of such Award Shares on the date of grant; or

(ii) as compensation for the previous performance or future performance of services or attainment of goals, in which case the recipient of the Award Shares shall not be required to pay any consideration for such Award Shares (other than the prior performance of his services or the assumption of the obligation of future performance of services ).

The Bio Plan is currently administered by a Plan Committee, which currently consists of the entire Board of Directors of the Company, and which has sole and absolute discretion to interpret and determine the effect of all matters and questions relating to this Bio Plan.

The Plan Committee has the full and final authority in its sole discretion, at any time and from time-to-time, subject only to the express terms, conditions and other provisions of the Articles of Incorporation of the Company and this Bio Plan, and the specific limitations on such discretion set forth herein, to:

(i) Designate the Eligible Persons or classes of Eligible Persons eligible to receive Awards from among the Eligible Persons;

(ii) Grant Awards to such selected Eligible Persons or classes of Eligible Persons in such form and amount (subject to the terms of the Plan) as the Plan Committee shall determine;

(iii) Interpret the Plan, adopt, amend and rescind rules and regulations relating to the Plan, and make all other determinations and take all other action necessary or advisable for the implementation and administration of the Plan; and

(iv) Delegate all or a portion of its authority to one or more directors of the Company who are executive officers of the Company, subject to such restrictions and limitations (such as the aggregate number of shares of Common Stock that may be awarded) as the Plan Committee may decide to impose on such delegate directors.

As of September 30, 2007, 1,198,540 shares have been issued pursuant to the Plan

	Number of Shares
As of September 30, 2007:	
Granted	1,198,540
Remaining shares available for issuance under the Plan as of September 30, 2007	301,460

#### NOTE 14. SUBSEQUENT EVENTS

On October 2, 2007, the Company issued 21,429 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered

On October 4, 2007, the Company issued 28,752 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered

On October 29, 2007, the Company issued 20,000 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

On November 1, 2007, the Company was granted a Biologics license (“License”) from the Department of Health Services of the State of California. This License permits the Company’s current facility to accept and store cord blood (Stem Cells), whole blood, and various blood related specimens for cryogenic short and long term storage and on November 13, 2007, the Company entered into an agreement with Dr. Joao L. Ascensao, M.D., Ph.D., F.A.C.P. whereby Dr. Ascensao, as an independent contractor and not as an employee, has agreed to act as the Company’s Medical Director.

On November 7, 2007, the Company issued 28,750 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

Between October 12, 2007 and November 9, 2007, the Company borrowed \$106,240 from Bombardier Pacific Ventures. David R. Koos, the Company’s Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures. In consideration for this loan, the Company issued Bombardier Pacific Ventures a series of Notes, callable at par plus any accrued and unpaid interest by the company upon five days written notice, bearing simple interest at 15% maturing on the following dates:

Due Date	Principal Amount
October 25, 2008	\$3620
October 19, 2008	\$10,000
November 9, 2008	\$14,000
October 25, 2008	\$19,500
October 12, 2008	\$28,000
November 2, 2008	\$31,300

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 26, 2007, the Company issued 48,510 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

On December 6, 2007, the Company issued 25,000 common shares to consultants pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

On December 17, 2007, the Company issued 19,166 common shares to a consultant pursuant to the BIO-MATRIX SCIENTIFIC GROUP, INC. 2007 EMPLOYEE AND CONSULTANTS STOCK COMPENSATION PLAN as consideration for services rendered.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

Common Stock

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PROSPECTUS

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Dated: \_\_\_\_\_, 2008

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 24. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Delaware law provides for indemnification relating to the liability of directors. These provisions eliminate a director's personal liability for monetary damages resulting from a breach of their services and fiduciary duties to the Company, except in circumstances involving wrongful acts, such as:

- any breach of the director's duty of loyalty;
- acts or omissions which involve a lack of good faith, intentional misconduct or a knowing violation of the law;
- payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law; or
- any transaction from which the director derives an improper personal benefit.

These provisions do not limit or eliminate our rights or any stockholder's rights to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of director's fiduciary duty. These provisions will not alter a director's liability under federal securities laws.

As permitted by the Delaware General Corporation Law, our Articles of Incorporation require us to indemnify our directors and executive officers to the fullest extent not prohibited by the Delaware law. We may limit the extent of such indemnification by individual contracts with our directors and executive officers. Further, we may decline to indemnify any director or executive officer in connection with any proceeding initiated by such person or any proceeding by such person against us or our directors, officers, employees or other agents, unless such indemnification is expressly required to be made by law or the proceeding was authorized by our Board of Directors. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

Insofar as indemnification for liabilities arising under the Securities Act, may be permitted to our directors, officers or controlling persons pursuant to the foregoing provisions, we have been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

#### ITEM 25. OTHER EXPENSES OF ISSUANCES AND DISTRIBUTION

The following table sets forth the estimated expenses in connection with the offering described in this registration statement:

SEC registration fee	\$ 219.08
Printing and engraving expenses	\$ 30,000.00
Legal fees and expenses	\$ 26,000.00
Accounting fees and expenses	\$ 3,000.00
Miscellaneous	\$ 32,800.00
Total	\$ 92,019.08

#### ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES

On June 13, 2006, the Company issued 10,000,000 shares of common stock into Escrow in connection with the acquisition of BSMG. The shares were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended. The consideration for these shares was 100% of the outstanding share capital of BSMG.

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 of Common Stock stating that the shares of Common Stock have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the shares of Common Stock.

On October 12, 2006, we issued 1,462,570 common shares of the Company to BMXP Holdings, Inc. in full satisfaction of the amount of \$1,191,619 plus accrued and unpaid interest, owed to BMXP Holdings, Inc. by us. The shares were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended.

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 of Common Stock stating that the shares of Common Stock have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the shares of Common Stock.

As further consideration to BMXP Holdings, Inc. Holdings Inc. for entering into this agreement with us whereby 1,462,570 common shares were to be issued in full satisfaction of debts owed (“Agreement”) and abiding by the terms and conditions thereof, at any time within a period of 365 days from the date of the Agreement, BMXP Holdings, Inc. shall have the right, upon written demand to the Company (“Registration Demand”), to cause us, within ninety days of the Registration Demand, to prepare and file with the United States Securities and Exchange Commission a registration statement to register under the Securities Act of 1933, as amended, 11,462,570 common shares of the Company (including the shares issued pursuant to this Agreement) owned by BMXP Holdings, Inc. (“Registerable Securities”), in order that the Registerable Securities may be distributed to BMXP Holdings, Inc. shareholders on a pro rata basis (based on their ownership of common shares of the Company as of a Record Date to be determined by BMXP Holdings, Inc.), and use its reasonable best efforts to cause that registration statement to be declared effective by the SEC. This right may also be exercised by any entity to which BMXP Holdings, Inc. has transferred ownership of the Registerable Securities in trust for the BMXP Holdings, Inc. Record Shareholders. As of June 28, 2007 the shares owned by BMXP Holdings were transferred by BMXP Holdings, Inc. to the BMXP Holdings Shareholder Business Trust for the benefit of BMXP Holdings Inc. shareholders of record May 23, 2007. On August 7, 2007 a Registration Statement on Form SB-2 was filed by us with the United States Securities and Exchange Commission (“SB-2”) to register 17,195,263 common shares held by selling shareholders, including the registration of 11,212,384 common shares held by BMXP Holdings Shareholder Business Trust in order that those shares may be distributed to the beneficiaries of that trust. As of the date of this document, the SB-2 has not been declared effective by the United States Securities and Exchange Commission.

On December 5, 2006 we issued 1,391,935 shares of common stock to Bio-Technology Partners Business Trust which constituted full satisfaction of the amount of \$246,744 plus accrued interest owed by the Company to Bio-Technology Partners Business Trust. The shares were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended.

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 of Common Stock stating that the shares of Common Stock have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the shares of Common Stock.

On March 9, 2007 we issued 500,000 shares of common stock to Bio-Technology Partners Business Trust which constituted full satisfaction of the amount of \$125,000 owed by the Company to Bio-Technology Partners Business Trust. The shares were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended.

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 of Common Stock stating that the shares of Common Stock have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the shares of Common Stock

During the period beginning January 1, 2007 and ending April 4, 2007, we sold 1,752,867 restricted shares (the "Shares") of common stock, at a purchase price of \$0.25 per share.

740,666 of the Shares were sold for cash consideration of \$185,166 to five purchasers. The net proceeds of the sale of shares sold for cash consideration will be utilized for general working capital purposes.

27,033 of the Shares were issued to two purchasers as consideration for services rendered valued at \$6,758.

985,168 of the Shares were issued to Bombardier Pacific Ventures in full satisfaction of \$246,292 owed by the Company to Bombardier Pacific Ventures on April 4, 2007. David R. Koos, the Company's Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures.

No underwriters were retained to serve as placement agents for the sale. The Shares were sold directly through the management of the Company. 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.

The offer and sale of the Shares was exempt from the registration provisions of the Securities Act of 1933, as amended, by reason of Section 4(2) thereof. Each of the purchasers warranted and represented that they were "Accredited Investors" as that term is used in Rule 144(a)(1) of the Securities Act of 1933 and each gave further representations that they were experienced and sophisticated in making financial, business, and investment decisions and thereby able to "fend for themselves." Further, each received an opportunity to ask questions of the Company's management regarding the Company, its affairs, condition, and prospects and to receive answers to all such questions. Finally, each received a copy of the Company's business plan, the risks and merits of investing in the Company, together with copies of the Company's financial statements so as to allow each of them to make an informed investment decision.

On June 21, 2007, 331,597 shares of our common stock were issued to Venture Bridge Advisors in full satisfaction of \$82,900 owed by the Company to Venture Bridge Advisors. The shares were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended.

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 of Common Stock stating that the shares of Common Stock have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the shares of Common Stock

On July 30, 2007, we issued 566,217 common shares to Bombardier Pacific Ventures in satisfaction of the principal amount of \$141,554 owed by us to Bombardier Pacific Ventures. David R. Koos, the Company's Chairman of the Board of Directors, President, CEO, Secretary, and Acting CFO, is the sole beneficial owner of Bombardier Pacific Ventures. The offer and sale of the shares was exempt from the registration provisions of the Securities Act of 1933, as amended, 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 of Common Stock stating that the shares of Common Stock have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the shares of Common Stock

On July 31, 2007, we issued 760,000 common shares for cash consideration of \$190,000. The net proceeds of that sale, which were \$190,000, will be utilized for general working capital purposes. No underwriters were retained to serve as placement agents for the sale. These shares were sold directly through our management. No commission or other consideration was paid in connection with the sale of these shares. There was no advertisement or general solicitation made in connection with this offer and sale of shares. The offer and sale of these shares was exempt from the registration provisions of the Securities Act by reason of Section 4(2) thereof and Rule 506 of Regulation D thereunder. Management made its determination of the availability of such exemption based upon the facts and circumstances surrounding the offer and sale of these shares, including the representations and warranties made by the purchasers and the fact that restrictive legends were placed on, and stop transfer orders placed against, the certificates for these shares.

On August 6, 2007, we issued 620,000 common shares to consultants as consideration for services rendered. The offer and sale of the shares was exempt from the registration provisions of the Securities Act of 1933, as amended, 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 of Common Stock stating that the shares of Common Stock have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the shares of Common Stock

On August 6, 2007, we issued 440,000 common shares for cash consideration of \$110,000. The net proceeds of that sale, which were \$110,000, will be utilized for general working capital purposes. No underwriters were retained to

serve as placement agents for the sale. These shares were sold directly through our management. No commission or other consideration was paid in connection with the sale of these shares. There was no advertisement or general solicitation made in connection with this offer and sale of shares. The offer and sale of these shares was exempt from the registration provisions of the Securities Act by reason of Section 4(2) thereof and Rule 506 of Regulation D thereunder. Management made its determination of the availability of such exemption based upon the facts and circumstances surrounding the offer and sale of these shares, including the representations and warranties made by the purchasers and the fact that restrictive legends were placed on, and stop transfer orders placed against, the certificates for these shares.

On November 14, 2007, we sold \$50,000 face value convertible debenture (“Convertible Debenture”) for an aggregate purchase price of \$50,000 to one purchaser, who is accredited investor as “accredited investor” is defined in Rule 501 of Regulation D, promulgated under the Securities Act of 1933, as amended and who also has for two years had a substantive, pre-existing relationship with the Company.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. We 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 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 us.

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 us (“Registration Demand”), to cause us, 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 us in the event the registration Statement is not declared effective by the SEC.

The net proceeds, which are \$50,000, will be utilized general working capital purposes. No underwriters were retained to serve as placement agents for the sale. This Convertible Debenture was sold directly through our management. No commission or other consideration was paid in connection with the sale of the Convertible Debenture. There was no advertisement or general solicitation made in connection with this offer and sale of the Convertible Debenture. The offer and sale of the Convertible Debenture was exempt from the registration provisions of the Securities Act by reason of Section 4(2) thereof. Management made its determination of the availability of such exemption based upon the facts and circumstances surrounding the offer and sale of the Convertible Debenture, including the representations and warranties made by the purchaser and the fact that a restrictive legend was placed on the Convertible Debenture and restrictive legends will be placed on, and stop transfer orders placed against, the certificates for any shares into which the Convertible debenture may convert.

On November 30, 2007, we sold \$75,000 face value convertible debenture (“Convertible Debenture”) for an aggregate purchase price of \$50,000 to one purchaser, who is accredited investor as “accredited investor” is defined in Rule 501 of Regulation D, promulgated under the Securities Act of 1933, as amended and who also has for two years had a substantive, pre-existing relationship with the Company.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. We 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 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 us.

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 us (“Registration Demand”), to cause us, 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 us in the event the registration Statement is not declared effective by the SEC.

The net proceeds, which are \$75,000, will be utilized general working capital purposes. No underwriters were retained to serve as placement agents for the sale. This Convertible Debenture was sold directly through our management. No commission or other consideration was paid in connection with the sale of the Convertible Debenture. There was no advertisement or general solicitation made in connection with this offer and sale of the Convertible Debenture. The offer and sale of the Convertible Debenture was exempt from the registration provisions of the Securities Act by reason of Section 4(2) thereof. Management made its determination of the availability of such exemption based upon the facts and circumstances surrounding the offer and sale of the Convertible Debenture, including the representations and warranties made by the purchaser and the fact that a restrictive legend was placed on the Convertible Debenture and restrictive legends will be placed on, and stop transfer orders placed against, the certificates for any shares into which the Convertible debenture may convert.

On January 8, 2008, we sold \$18,400 face value convertible debenture (“Convertible Debenture”) for an aggregate purchase price of \$50,000 to one purchaser, who is accredited investor as “accredited investor” is defined in Rule 501 of Regulation D, promulgated under the Securities Act of 1933, as amended, and who also has for two years had a substantive, pre-existing relationship with the Company.

Interest on the Convertible Debenture shall accrue at a rate of 12% per annum based on a 365 day year. We 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 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 us.

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 us (“Registration Demand”), to cause us, 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 us in the event the registration Statement is not declared effective by the SEC.

The net proceeds, which are \$18,400, will be utilized general working capital purposes. No underwriters were retained to serve as placement agents for the sale. This Convertible Debenture was sold directly through our management. No commission or other consideration was paid in connection with the sale of the Convertible Debenture. There was no advertisement or general solicitation made in connection with this offer and sale of the Convertible Debenture. The offer and sale of the Convertible Debenture was exempt from the registration provisions of the Securities Act by reason of Section 4(2) thereof. Management made its determination of the availability of such exemption based upon the facts and circumstances surrounding the offer and sale of the Convertible Debenture, including the representations and warranties made by the purchaser and the fact that a restrictive legend was placed on the Convertible Debenture and restrictive legends will be placed on, and stop transfer orders placed against, the certificates for any shares into which the Convertible debenture may convert.

ITEM 27. EXHIBITS

Exhibit No.	Description of Exhibit
3(i)	Certificate of Incorporation (Incorporated by Reference. Filed as Exhibit 3(i) of our Form 10SB12G filed on January 2, 2001)
3(i)(a)	Amendment to Certificate of Incorporation (Incorporated by Reference from Form DEF 14C filed on August 11, 2006)
3(ii)	By-Laws (as Incorporated by Reference . Filed as Exhibit 3(ii) from Form 10-SB filed on January 2, 2001)
5	Opinion on Legality (William M. Aul)
8	Opinion on Tax Matters (Herman H. Pettegrove, Esq.)**
10.1	Agreement by and between Tasco Holdings International, Inc and Bio Matrix Scientific Group, Inc.(now known as BMXP Holdings, Inc) Incorporated by Reference. Filed as Exhibit 99.1 of the Form 8-K filed by us on June 16, 2006
10.2	Agreement with Bio Technology Business Partners Trust of December 5, 2006 (Incorporated by Reference. Filed as Exhibit 10 of Form 8-K as filed on December 8, 2006)
10.3	Agreement RE: Issuance of 1,462,570 shares to BMXP Holdings, Inc. (Incorporated by Reference, Filed as Exhibit 10 of Form 8-K as filed on October 12, 2006)
10.4	Tasco Agreement with Dr. Geoffrey O'Neill (dated August 9, 2006) (6)( Incorporated by Reference. Filed as Exhibit 10 of Form 8-K filed on August 14, 2006)
10.5	Lease of Real Property*
10.6	Cord Blood Agreement*
14	Code of Ethics(Incorporated by Reference to EXHIBIT Aof Schedule 14C as filed on August 11, 2006
23.1	Consent of Independent Accountants dated December 21, 2007
23.2	Consent of Legal Counsel
23.3	Consent of Herman Pettegrove***

\*\*\* Filed Previously as Exhibit 8.1 our Form SB-2 filed with the Securities and Exchange Commission on August 8, 2007

\*\* Filed previously as Exhibit 5.2 with our Form SB-2 filed with the Securities and Exchange Commission on August 8, 2007

\* Filed Previously with our Form SB-2 filed with the Securities and Exchange Commission on August 8, 2007

ITEM 28. UNDERTAKINGS

A. The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to:

(i) Include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) Include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. Undertaking Required by Regulation S-B, Item 512(e).

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or controlling persons pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel that the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.



SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and has duly caused this registration statement to be signed on our behalf by the undersigned in the City of San Diego on January 9, 2008.

BIO-MATRIX SCIENTIFIC GROUP, INC.

By: /s/David R. Koos  
David R. Koos, President, CEO, Secretary,  
Acting CFO and Director

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints, David Koos and his true and lawful attorney in fact and agent acting alone, with full powers of substitution and resubstitution, for his or her and in his or her name, place and stead, in any and all capacities, this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. In accordance with the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/David R. Koos David Koos	President, Treasurer, Chief Executive Officer, Secretary and Director	January 9, 2008
/s/Brian Pockett Brian Pockett	Chief Operations Officer and Director	January 9, 2008