

BioRestorative Therapies, Inc.
Form 10-Q
May 14, 2012

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

x

EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2012

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: 000-54402

BIORESTORATIVE THERAPIES, INC.

(Exact name of registrant as specified in its charter)

| | |
|---------------------------------|---------------------|
| Nevada | 91-1835664 |
| (State or Other Jurisdiction of | (I.R.S. Employer |
| Incorporation or Organization) | Identification No.) |

555 Heritage Drive

33458

Jupiter, Florida

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (561) 904-6070

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 Act): Yes No

As of May 9, 2012, there were 683,422,945 shares of the issuer's common stock outstanding.

BIORESTORATIVE THERAPIES, INC & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Table of Contents

PART I

FINANCIAL INFORMATION

ITEM 1. Financial Statements.

Condensed Consolidated Balance Sheets as of
March 31, 2012 (Unaudited) and December 31, 2011 1

Unaudited Condensed Consolidated Statements of Operations for the
Three Months Ended March 31, 2012 and 2011 and for the Period from
December 30, 2008 (Inception) to March 31, 2012 2

Unaudited Condensed Consolidated Statement of Changes in Stockholders' Deficiency for the
Three Months Ended March 31, 2012 3

Unaudited Condensed Consolidated Statements of Cash Flows for the
Three Months Ended March 31, 2012 and 2011 and for the Period from
December 30, 2008 (Inception) to March 31, 2012 4

Notes to Unaudited Condensed Consolidated Financial Statements 6

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. 17

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk. 21

ITEM 4. Controls and Procedures. 21

PART II

OTHER INFORMATION

ITEM 1. Legal Proceedings. 22

ITEM 1A. Risk Factors. 22

Edgar Filing: BioRestorative Therapies, Inc. - Form 10-Q

| | |
|--|----|
| ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds. | 23 |
| ITEM 3. Defaults Upon Senior Securities. | 24 |
| ITEM 4. Mine Safety Disclosures. | 24 |
| ITEM 5. Other Information. | 24 |
| ITEM 6. Exhibits. | 24 |
| Signatures. | 25 |

BIORESTORATIVE
 THERAPIES, INC.
 & SUBSIDIARIES
 (A COMPANY IN
 THE
 DEVELOPMENT
 STAGE)

Condensed
 Consolidated
 Balance Sheets

| | March 31, 2012 (unaudited) | December 31, 2011 |
|---|----------------------------------|-------------------------|
| Assets | | |
| Current Assets: | | |
| Cash | \$3,113 | \$71,508 |
| Prepaid expenses and other current assets | 8,451 | 46,915 |
| Total Current Assets | 11,564 | 118,423 |
| Property and equipment, net | 68,875 | 94,827 |
| Intangible assets, net | 3,216 | 3,308 |
| Security deposit | 4,415 | 4,415 |
| Total Assets | \$88,070 | \$220,973 |
| Liabilities and Stockholders' Deficiency | | |
| Current Liabilities: | | |
| Accounts payable | \$739,182 | \$426,184 |
| Accrued expenses and other current liabilities | 615,332 | 440,229 |
| Notes payable, net of debt discount of \$106,079 and \$149,043 at March 31, 2012 and December 31, 2011, respectively | 3,059,421 | 3,040,957 |
| Total Current Liabilities | 4,413,935 | 3,907,370 |
| Commitments and contingencies | | |
| Stockholders' Deficiency: | | |
| Preferred stock, \$0.01 par value; Authorized, 1,000,000 shares; none issued and outstanding at March 31, 2012 and December 31, 2011 | - | - |
| Common stock, \$0.001 par value; | | |

Edgar Filing: BioRestorative Therapies, Inc. - Form 10-Q

| | | |
|--|-------------|-------------|
| Authorized, 1,500,000,000 shares; | | |
| Issued 655,922,945 and 635,614,845 shares | | |
| at March 31, 2012 and December 31, 2011, respectively; | | |
| Outstanding 627,991,911 and 607,683,811 shares | | |
| at March 31, 2012 and December 31, 2011, respectively | 655,923 | 635,615 |
| Additional paid-in capital | 4,069,092 | 3,234,486 |
| Deficit accumulated during development stage | (9,018,880) | (7,524,498) |
| Treasury stock, at cost, 27,931,034 shares | | |
| at March 31, 2012 and December 31, 2011 | (32,000) | (32,000) |
| Total Stockholders' Deficiency | (4,325,865) | (3,686,397) |
| Total Liabilities and Stockholders' Deficiency | \$88,070 | \$220,973 |

See Notes to these Condensed Consolidated Financial Statements.

BIORESTORATIVE
THERAPIES, INC.
& SUBSIDIARIES
(A COMPANY IN
THE
DEVELOPMENT
STAGE)

Condensed
Consolidated
Statements of
Operations

(unaudited)

| | For The Three Months Ended | | Period from December 30, 2008 (Inception) to March 31, 2012 |
|--|----------------------------|----------------|--|
| | March 31, 2012 | 2011 | March 31, 2012 |
| Revenues | \$- | \$- | \$- |
| Operating Expenses | | | |
| Marketing and promotion | 39,987 | 44,805 | 347,805 |
| Payroll and benefits | 504,418 | 543,431 | 2,645,456 |
| Consulting expense | 418,966 | 195,858 | 2,639,574 |
| General and administrative | 358,804 | 233,512 | 2,450,893 |
| Research and development | 2,050 | - | 25,670 |
| Total Operating Expenses | 1,324,225 | 1,017,606 | 8,109,398 |
| Loss From Operations | (1,324,225) | (1,017,606) | (8,109,398) |
| Other Income (Expense) | | | |
| Other income | - | - | 11,457 |
| Interest expense | (127,097) | (24,404) | (415,595) |
| Amortization of debt discount | (66,137) | (71,087) | (622,233) |
| Gain on settlement of note and payables, net | 23,077 | - | 106,525 |
| Total Other Expense | (170,157) | (95,491) | (919,846) |
| Net Loss | \$(1,494,382) | \$(1,113,097) | \$(9,029,244) |

| | | | | |
|--|----------|---|----------|---|
| Net Loss Per Share - Basic and Diluted | \$ (0.00 |) | \$ (0.00 |) |
|--|----------|---|----------|---|

| | | |
|---|-------------|-------------|
| Weighted Average Number of Common Shares Outstanding - Basic and Diluted | 600,151,354 | 547,894,007 |
|---|-------------|-------------|

See Notes to these Condensed Consolidated Financial Statements.

2 | Page

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES
(A COMPANY IN THE DEVELOPMENT STAGE)

Condensed Consolidated Statement of Changes in Stockholders' Deficiency
For the Three Months Ended March 31, 2012

(unaudited)

| | Common Stock | | Additional | Deficit | Treasury Stock | | Total |
|--|--------------|-----------|--------------------|---|----------------|------------|---------------|
| | Shares | Amount | Paid-In Capital | Accumulated During Development Stage | Shares | Amount | |
| Balance - December 31, 2011 | 635,614,845 | \$635,615 | \$3,234,486 | \$(7,524,498) | (27,931,034) | \$(32,000) | \$(3,686,397) |
| Shares issued for consulting services - (at \$0.008) | 2,423,100 | 2,423 | 17,592 | - | - | - | 20,015 |
| Shares issued as debt discount in connection with notes payable - (at \$0.007) | 3,135,000 | 3,135 | 20,038 | - | - | - | 23,173 |
| Shares and warrants issued for cash - (at \$0.025) | 11,000,000 | 11,000 | 264,000 | - | - | - | 275,000 |
| Shares and warrants issued in exchange of notes payable (at \$0.02) | 3,750,000 | 3,750 | 71,250 | - | - | - | 75,000 |
| Stock-based compensation | - | - | 461,726 | - | - | - | 461,726 |
| Net loss | - | - | - | (1,494,382) | - | - | (1,494,382) |
| Balance - March 31, 2012 | 655,922,945 | \$655,923 | \$4,069,092 | \$(9,018,880) | (27,931,034) | \$(32,000) | \$(4,325,865) |

See Notes to these Condensed Consolidated Financial Statements.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES
(A COMPANY IN THE DEVELOPMENT STAGE)

Condensed Consolidated Statements of Cash Flows

(unaudited)

| | For The Three Months Ended | | Period from December 30, 2008 (Inception) to March 31, 2012 |
|---|-------------------------------|---------------|--|
| | March 31, 2012 | 2011 | |
| Cash Flows From Operating Activities | | | |
| Net loss | \$(1,494,382) | \$(1,113,097) | \$(9,029,244) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Amortization of debt discount | 66,137 | 71,087 | 622,233 |
| Depreciation and amortization | 26,044 | 24,754 | 171,226 |
| Loss on sale of property and equipment | - | - | 21,614 |
| Stock-based compensation | 481,741 | 209,559 | 2,763,892 |
| Gain on settlement of note and payables, net | (23,077) | - | (106,525) |
| Changes in operating assets and liabilities: | | | |
| Prepaid expenses and other current assets | 38,464 | (101,544) | (8,451) |
| Security deposit | - | (4,415) | (4,415) |
| Accounts payable | 312,998 | (88,451) | 681,701 |
| Accrued expenses and other current liabilities | 198,180 | 152,196 | 750,909 |
| Total Adjustments | 1,100,487 | 263,186 | 4,892,184 |
| Net Cash Used in Operating Activities | (393,895) | (849,911) | (4,137,060) |
| Cash Flows From Investing Activities | | | |
| Purchases of property and equipment | - | (6,891) | (163,243) |
| Proceeds from sale of property and equipment | - | - | 32,000 |
| Acquisition of intangible assets | - | - | (3,676) |
| Net Cash Used in Investing Activities | - | (6,891) | (134,919) |
| Cash Flows From Financing Activities | | | |
| Proceeds from notes payable | 100,500 | 1,437,500 | 3,674,139 |
| Repayments of notes payable | (50,000) | (93,032) | (535,222) |
| Advances from officer | 22,000 | - | 48,000 |
| Repayment of advances from officer | (22,000) | - | (48,000) |
| Proceeds from exercise of warrants | - | - | 1,875 |

Edgar Filing: BioRestorative Therapies, Inc. - Form 10-Q

| | | | |
|---|-----------|-----------|-----------|
| Repurchase of common stock | - | - | (32,000) |
| Sales of common stock and warrants for cash | 275,000 | - | 1,166,300 |
| Net Cash Provided by Financing Activities | 325,500 | 1,344,468 | 4,275,092 |
| Net (Decrease) Increase In Cash | (68,395) | 487,666 | 3,113 |
| Cash - Beginning | 71,508 | 18,074 | - |
| Cash - Ending | \$3,113 | \$505,740 | \$3,113 |

See Notes to these Condensed Consolidated Financial Statements

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Condensed Consolidated Statements of Cash Flows--Continued

(unaudited)

| | For The Three Months Ended | | Period from December 30, 2008 (Inception) to March 31, 2012 |
|---|-------------------------------|------------|---|
| | March 31, 2012 | 2011 | 2012 |
| Supplemental Disclosures of Cash Flow Information: | | | |
| Cash paid during the period for: | | | |
| Interest | \$ 114,779 | \$ 29,621 | \$ 317,776 |
| Non-cash investing and financing activities: | | | |
| Shares issued as debt discount in connection with notes payable | \$ 23,173 | \$ 203,806 | \$ 721,341 |
| Shares issued in connection with reverse recapitalization | \$ - | \$ - | \$ 362,000 |
| Shares issued pursuant to reverse recapitalization and subsequently cancelled | \$ - | \$ - | \$ 146,195 |
| Shares issued (issuable) as debt discount in connection with note payable | \$ - | \$ 6,971 | \$ - |
| Purchase of property and equipment for note payable | \$ - | \$ - | \$ 291,055 |
| Purchase of property and equipment for account payable | \$ - | \$ - | \$ 60,000 |
| Accrued payable for treasury shares repurchased | \$ - | \$ - | \$ 7,000 |
| Shares reissued to former President | \$ - | \$ 12,577 | \$ 12,577 |
| Property and equipment returned in connection with settlement of note payable, net | \$ - | \$ - | \$ 226,043 |
| Shares and warrants issued in exchange of notes payable | \$ 75,000 | \$ - | \$ 75,000 |

See Notes to these Condensed Consolidated Financial Statements

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 1 - Business Organization and Nature of Operations

BioRestorative Therapies, Inc. (and including its subsidiaries, the “Company”) is a development stage enterprise whose primary activities since inception have been the development of its business plan, negotiating strategic alliances and other agreements, and raising capital.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information. Accordingly, they do not include all of the information and disclosures required by GAAP for annual financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the condensed consolidated financial statements of the Company as of March 31, 2012, for the three months ended March 31, 2012 and 2011 and for the period from December 30, 2008 (inception) to March 31, 2012. The results of operations for the three months ended March 31, 2012 are not necessarily indicative of the operating results for the full year ending December 31, 2012. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related disclosures of the Company as of December 31, 2011 and for the year then ended, and for the period from December 30, 2008 (inception) to December 31, 2011, which were filed with the Securities and Exchange Commission on Form 10-K on April 16, 2012.

Note 2 - Going Concern and Management Plans

As of March 31, 2012, the Company had a working capital deficiency and a stockholders’ deficiency of \$4,402,371 and \$4,325,865, respectively. The Company has not generated any revenues and incurred net losses of \$9,029,244 during the period from December 30, 2008 (inception) through March 31, 2012. These conditions raise substantial doubt about the Company’s ability to continue as a going concern.

The Company's primary source of operating funds since inception has been its stockholders and note financings. The Company intends to raise additional capital through private debt and equity investors. The Company is currently a development stage company and there is no assurance that these funds will be sufficient to enable the Company to fully complete its development activities or attain profitable operations.

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with GAAP, which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not necessarily purport to represent realizable or settlement values. The unaudited condensed consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

Subsequent to March 31, 2012, the Company raised \$1,500,000 and \$375,000 through debt and equity financing, respectively, exchanged \$175,000 of debt into equity, and extended the maturities of \$1,112,500 of notes. The Company currently has notes payable aggregating \$435,000 which are past their maturity dates. The Company is currently in the process of negotiating extensions or discussing conversions to equity with respect to these notes. See Note 8 – Subsequent Events for additional details.

Note 3 - Summary of Significant Accounting Policies

Principles of Consolidation

The unaudited condensed consolidated financial statements of the Company include the accounts of Stem Cell Cayman Ltd. (“Cayman”), Stem Pearls, LLC and Lipo Rejuvenation Centers, Inc. (an inactive entity; see Note 8 – Subsequent Events – Lipo Rejuvenation Centers, Inc. Dissolved). All significant intercompany transactions have been eliminated in the consolidation.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 3 - Summary of Significant Accounting Policies - Continued

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at dates of the financial statements and the reported amounts of revenue and expenses during the periods. Actual results could differ from these estimates. The Company's significant estimates and assumptions include the recoverability and useful lives of long-lived assets, the fair value of the Company's stock, stock-based compensation, debt discount and the valuation allowance related to the Company's deferred tax assets.

Concentrations of Credit Risk

The Company maintains deposits in a financial institution which is insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times, the Company has deposits in this financial institution in excess of the amount insured by the FDIC. As of March 31, 2012, the Company had \$317 deposited with an offshore financial institution which is not insured by the FDIC.

Net Loss Per Common Share

Basic loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding, plus the issuance of common shares, if dilutive, resulting from the

exercise of outstanding stock options and warrants.

The Company's weighted average number of common shares as of March 31, 2012 includes issued and outstanding common shares and the underlying shares issuable upon the exercise of the 20,000,000 and 2,000,000 exercisable options and warrants, respectively, with an exercise price of \$0.01 or less. The Company's weighted average number of common shares as of March 31, 2011 includes issued and outstanding common shares and the underlying shares issuable upon the exercise of the 72,000,000 and 2,000,000 exercisable options and warrants, respectively, with an exercise price of \$0.01 or less. See Note 7, Stockholders' Deficiency. In accordance with ASC 260 – Earnings Per Share (“ASC 260”), the Company has given effect to the issuance of these options and warrants in computing basic and diluted net loss per share.

The Company's issued and outstanding common shares as of March 31, 2012 include 40,000,000 shares of stock awards that are non-vested. In accordance with ASC 260, the Company has not given effect to the issuance of these shares in computing basic net loss per share.

Potentially dilutive securities realizable from the vesting of 40,000,000 shares of restricted stock and the exercise of options and warrants for the purchase of 120,150,000 and 8,500,000 shares, respectively, as of March 31, 2012 were excluded from the computation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive. There were no potentially dilutive securities as of March 31, 2011.

Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Since the shares underlying the Company's 2010 Equity Participation Plan (the “Plan”) are not currently registered, the fair value of the Company's restricted equity instruments was estimated by management based on observations of the cash sales prices of both restricted shares and freely tradable shares.

Stock-based compensation for non-employees and directors is reflected in consulting expenses in the condensed consolidated statements of operations. Stock-based compensation for employees is reflected in payroll and benefits in the condensed consolidated statements of operations.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 3 - Summary of Significant Accounting Policies - Continued

Reclassifications

Certain prior period amounts have been reclassified for comparative purposes to conform to the fiscal 2012 presentation. These reclassifications have no impact on previously reported earnings.

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements, except as disclosed in Note 8.

Note 4 - Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities are comprised of the following:

| | |
|-------------|----------|
| March 31, | December |
| 2012 | 31, 2011 |
| (unaudited) | |

| | | |
|-------------------------------|------------|------------|
| Accrued loan interest | \$ 50,066 | \$ 39,283 |
| Credit card payable | 8,988 | 17,026 |
| Accrued payroll and severance | 454,417 | 250,571 |
| Other accrued expenses | 52,912 | 89,200 |
| Deferred rent | 48,949 | 44,149 |
| Total | \$ 615,332 | \$ 440,229 |

Note 5 - Notes Payable

During the three months ended March 31, 2012, the Company issued an additional \$100,500 of notes payable. In connection with the financings, 2,010,000 shares of common stock, with a relative fair value of \$14,249, were issued to the lenders and were recorded as a debt discount. These notes are payable 3-6 months from the date of issuance and have a rate of interest of 10-15% per annum.

During the three months ended March 31, 2012, the maturity dates of certain notes payable with an aggregate principal balance of \$560,000 were extended to May 2012 through August 2012 and the investors received an aggregate of 1,125,000 shares of common stock with a relative fair value of \$8,924. All of the extended notes bear a 15% interest rate per annum payable monthly.

During the three months ended March 31, 2012, the Company repaid a note payable with a principal amount of \$50,000.

During the three months ended March 31, 2012, the Company and three investors agreed to exchange three notes with an aggregate principal balance of \$75,000 for an aggregate of 3,750,000 shares of common stock and five-year warrants to purchase an aggregate of 1,500,000 shares of common stock at an exercise price of \$0.03 per share. The warrants had an aggregate grant date value of \$11,460. The investors received piggyback registration rights related to the stock and the stock issuable pursuant to the warrants.

The Company recorded amortization of debt discount of \$66,137 and \$71,087 during the three months ended March 31, 2012 and 2011, respectively. Aggregate amortization of debt discount from December 30, 2008 (inception) to March 31, 2012 was \$622,233.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 6 - Commitments and Contingencies

Operating Lease

Rent expense amounted to approximately \$27,000 and \$22,000 for the three months ended March 31, 2012 and 2011, respectively. Rent expense for the period from December 30, 2008 (inception) to March 31, 2012 was approximately \$159,000. Rent expense is reflected in general and administrative expenses in the condensed consolidated statements of operations.

Litigations, Claims and Assessments

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's condensed consolidated financial position or results of operations.

License Agreement

On January 27, 2012, the Company entered into a license agreement with Regenerative Sciences, LLC ("RS") (as amended on March 21, 2012, the "RS Agreement"). See Note 8 – Subsequent Events – License Agreement Closing for additional details.

Consulting Agreements

Marketing Consulting Services

On January 1, 2012, the agreement for marketing consulting services was further extended to December 31, 2012, pursuant to which the Company will pay a cash fee of \$10,000 per month and the Company granted an immediately vested, five-year warrant to purchase 2,000,000 shares of common stock at an exercise price of \$0.02 per share. The grant date value of \$12,800 was recognized immediately. See Note 8 – Subsequent Events – Marketing Consulting Services for details associated with the amended extension of the agreement for marketing consulting services.

Employment Agreements

Chief Executive Officer (the “CEO”)

On February 10, 2012, the Board approved (1) the extension of the CEO’s employment agreement for an additional two years (through October 2015) at the same compensation as the third year; (2) an option grant to the CEO, as described below; and (3) the payment of a \$70,000 discretionary bonus to the CEO in connection with the signing of the RS Agreement. The employment agreement shall be extended for successive one year periods unless either party provides ninety days written notice to the other party. The discretionary bonus was paid on April 13, 2012. The Company granted a ten-year option to the CEO to purchase an aggregate of 50,000,000 shares of common stock at an exercise price of \$0.021 per share. The option vests to the extent of one-third of the shares immediately, one-third on the first anniversary of the date of grant and one-third on the second anniversary of the date of grant. See Note 7 – Stockholders’ Deficiency – Stock Options – Employee Awards for additional details. See Note 8 – Subsequent Events – Common Stock Award Vesting for updates associated with the CEO’s compensation arrangement.

Former Chief Financial Officer (the “Former CFO”)

On January 4, 2012, the Company agreed to settle the remaining \$46,154 due pursuant to the Former CFO’s termination agreement for \$23,077 and the Company recorded a \$23,077 gain on settlement of the payable.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 7 - Stockholders' Deficiency

Shareholder Actions

On February 10, 2012, the shareholders of the Company approved (a) an increase in the authorized common stock to 1,500,000,000 shares from 800,000,000 shares; and (b) giving the Board the discretion to effect a reverse stock split of the Company's common stock by a ratio of not less than 1-for-10 and not more than 1-for-150. The Board has not yet approved a reverse stock split.

Common Stock Issuances

During the three months ended March 31, 2012, the Company issued an aggregate of 11,000,000 shares of common stock at a price of \$0.025 per share to investors for aggregate gross proceeds of \$275,000. In connection with the purchases, the Company issued warrants for the purchase of an aggregate of 2,750,000 shares of common stock, which are exercisable over a period of five years at an exercise price of \$0.03 per share of common stock. The warrants had an aggregate grant date value of \$21,000.

See Note 5, Notes Payable for details associated with common stock issued in conjunction with the issuance, extension and exchange of notes payable.

Stock Warrants

In applying the Black-Scholes option pricing model to warrants granted, the Company used the following weighted average assumptions:

| | For The Three Months Ended March 31, 2012 | |
|-------------------------|--|---|
| Risk free interest rate | 0.71 | % |
| Expected term (years) | 5.00 | |
| Expected volatility | 182.00 | % |
| Expected dividends | 0.00 | % |

The weighted average estimated fair value of the warrants granted during the three months ended March 31, 2012 was approximately \$0.01 per share. There were no warrants granted during the three months ended March 31, 2011.

A summary of the status of the warrants issued during the three months ended March 31, 2012 is presented below:

| | Number of Warrants | Weighted Average Exercise Price | Weighted Average Remaining Life In Years | Aggregate Intrinsic Value |
|--------------------------------|-----------------------|--|--|---------------------------------|
| Outstanding, December 31, 2011 | 4,000,000 | \$ 0.020 | 3.7 | \$ - |
| Granted | 6,500,000 | 0.027 | | |
| Exercised | - | - | | |
| Forfeited | - | - | | |
| Outstanding, March 31, 2012 | 10,500,000 | \$ 0.024 | 4.3 | \$ - |
| Exercisable, March 31, 2012 | 10,500,000 | \$ 0.024 | 4.3 | \$ - |

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 7 - Stockholders' Deficiency - Continued

Stock Warrants - Continued

The following table presents information related to stock warrants at March 31, 2012:

| Warrants Outstanding | Warrants Exercisable | Warrants Exercisable | Warrants Exercisable |
|-------------------------|-------------------------|---|-------------------------|
| Price | Number of Warrants | Average Remaining Life In Years | Number of Warrants |
| \$0.01 | 2,000,000 | 2.3 | 2,000,000 |
| 0.02 | 2,000,000 | 4.8 | 2,000,000 |
| 0.03 | 6,500,000 | 4.8 | 6,500,000 |
| | 10,500,000 | 4.3 | 10,500,000 |

See Note 6, Commitments and Contingencies - Consulting Agreements for details associated with the issuance of warrants as compensation to consultants.

Stock Options

The Company has computed the fair value of options granted using the Black-Scholes option pricing model. Forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate will be adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate, when it is material. The expected term of options granted represents the estimated period of time that options granted are expected to be outstanding. The Company utilizes the “simplified” method to develop an estimate of the expected term of “plain vanilla” option grants. Since the Company’s stock has not been publicly traded for a long period of time, the Company is utilizing an expected volatility figure based on a review of the historical volatilities, over a period of time, equivalent to the expected life of these options, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the options.

In applying the Black-Scholes option pricing model to stock options granted, the Company used the following weighted average assumptions:

| | For The Three Months Ended March 31, 2012 | |
|-------------------------|--|---|
| Risk free interest rate | 0.91 | % |
| Expected term (years) | 5.36 | |
| Expected volatility | 182.00 | % |
| Expected dividends | 0.00 | % |

No stock options were granted during the three months ended March 31, 2011. The weighted average estimated fair value of the stock options granted during the three months ended March 31, 2012 was approximately \$0.008 per share.

Employee Awards

On February 10, 2012, the Company granted ten-year options to employees to purchase an aggregate of 54,000,000 shares of common stock at an exercise price of \$0.021 per share, pursuant to the 2010 Equity Participation Plan (the “Plan”). The options vest as follows: (i) an option granted to the CEO to purchase 50,000,000 shares of common stock vests to the extent of one-third of the shares immediately, one-third on the first anniversary of the date of grant and one-third on the second anniversary of the date of grant; and (ii) options to purchase an aggregate of 4,000,000 shares of common stock vest to the extent of one-half of the shares immediately and one-half on the first anniversary of the date of grant. The aggregate grant date value of \$421,200 will be recognized proportionate to the vesting period.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 7 - Stockholders' Deficiency - Continued

Stock Options – Continued

Employee Awards – Continued

The Company recorded stock-based compensation expense of \$170,074 and \$0 during the three months ended March 31, 2012 and 2011, respectively, and \$634,324 during the period from December 30, 2008 (inception) to March 31, 2012, related to employee stock option grants, which is reflected as payroll and benefits expense in the condensed consolidated statement of operations. As of March 31, 2012, there was \$265,188 of unrecognized employee stock-based compensation expense related to stock option grants that will be amortized over a weighted average period of 1.8 years.

Director Awards

On February 10, 2012, the Company granted ten-year options to directors to purchase an aggregate of 60,000,000 shares of common stock at an exercise price of \$0.021 per share, pursuant to the Plan. The options vest to the extent of one-half of the shares immediately and one-half on the first anniversary of the date of grant. The aggregate grant date value of \$468,000 will be recognized proportionate to the vesting period.

The Company recorded stock-based compensation expense of \$266,500 and \$0 during the three months ended March 31, 2012 and 2011, respectively, and \$424,903 during the period from December 30, 2008 (inception) to March 31, 2012, related to director stock option grants. As of March 31, 2012, there was \$201,500 of unrecognized employee stock-based compensation expense related to stock option grants that will be amortized over a weighted average

period of 0.9 years.

Consultant Awards

The Company recorded stock-based compensation expense of \$2,027 and \$0 during the three months ended March 31, 2012 and 2011, respectively, and \$13,993 during the period from December 30, 2008 (inception) to March 31, 2012, related to consultant and advisory board stock option grants, which is reflected as consulting expenses in the condensed consolidated statement of operations. As of March 31, 2012, there was \$5,678 of unrecognized consultant and advisory board stock-based compensation expense related to stock option grants that will be amortized over a weighted average period of 1.2 years.

Option Award Summary

A summary of the status of the options issued during the three months ended March 31, 2012 is presented below:

| | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Life In Years | Intrinsic Value |
|--------------------------------|------------------------------|--|---|----------------------------|
| Outstanding, December 31, 2011 | 26,150,000 | \$ 0.012 | 8.6 | \$ - |
| Granted | 114,000,000 | 0.021 | | |
| Exercised | - | - | | |
| Forfeited | - | - | | |
| Outstanding, March 31, 2012 | 140,150,000 | \$ 0.019 | 9.6 | \$ - |
| Exercisable, March 31, 2012 | 71,283,666 | \$ 0.018 | 9.5 | \$ - |

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 7 – Stockholders’ Deficiency - Continued

Stock Options – Continued

Option Award Summary – Continued

The following table presents information related to stock options at March 31, 2012:

| Exercise Price | Number of Options | Options Exercisable | |
|----------------|-------------------|--|-------------------|
| | | Weighted Average Remaining Life In Years | Number of Options |
| \$0.010 | 22,000,000 | 8.7 | 20,000,000 |
| 0.020 | 1,500,000 | 9.5 | 1,300,000 |
| 0.021 | 114,000,000 | 9.9 | 48,666,666 |
| 0.024 | 500,000 | 4.2 | 500,000 |
| 0.025 | 2,150,000 | 5.1 | 817,000 |
| | 140,150,000 | 9.5 | 71,283,666 |

Common Stock Awards

Employee Awards

The Company recorded stock-based compensation expense of \$0 and \$123,900 during the three months ended March 31, 2012 and 2011, respectively, and \$123,900 during the period from December 30, 2008 (inception) to March 31, 2012, related to employee stock grants, which is reflected as payroll and benefits expense in the condensed consolidated statement of operations. As of March 31, 2012, there was no unrecognized employee stock-based compensation expense related to employee stock grants.

Director Awards

The Company recorded stock-based compensation expense of \$10,325 and \$0 during the three months ended March 31, 2012 and 2011, respectively, and \$245,015 during the period from December 30, 2008 (inception) to March 31, 2012, related to director stock grants, which is reflected as consulting expenses in the condensed consolidated statement of operations. As of March 31, 2012, there was no unrecognized director stock-based compensation expense related to stock grants.

Consultant Awards

During the three months ended March 31, 2012, the Company issued 2,423,100 shares of common stock valued at \$20,015 in connection a business advisory services agreement.

The Company recorded stock-based compensation expense of \$20,015 and \$85,659 during the three months ended March 31, 2012 and 2011, respectively, and \$1,418,995 during the period from December 30, 2008 (inception) to March 31, 2012, related to consultant stock grants, which is reflected as consulting expenses in the condensed consolidated statement of operations. As of March 31, 2012, there was no unrecognized consultant stock-based compensation expense.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 7 – Stockholders’ Deficiency – Continued

Common Stock Awards – Continued

Stock Award Summary

A summary of common stock award activity for the three months ended March 31, 2012 is presented below:

| | Number of Shares | Weighted Average Grant Date Fair Value | Total Grant Date Fair Value |
|-------------------------------|-----------------------------|---|--|
| Non-vested, December 31, 2011 | 40,000,000 | \$ 0.00826 | \$ 330,400 |
| Granted | 2,423,100 | 0.00826 | 20,015 |
| Vested | (2,423,100) | 0.00826 | (20,015) |
| Forfeited | - | - | - |
| Non-vested, March 31, 2012 | 40,000,000 | \$ 0.00826 | \$ 330,400 |

See Note 8 – Subsequent Events – Common Stock Award Vesting for details associated with the vesting of these unvested stock awards.

Note 8 - Subsequent Events

Notes Payable

Subsequent to March 31, 2012, the Company issued an additional \$1,500,000 note payable. A five-year warrant to purchase 20,000,000 shares of common stock at an exercise price of \$0.03 per share, with a relative fair value of \$138,667, was issued to the lender and was recorded as a debt discount. The note is payable 12 months from the date of issuance and has a rate of interest of 15% per annum.

Subsequent to March 31, 2012, the maturity dates of certain notes payable with an aggregate principal balance of \$1,112,500 were extended to July 2012 through November 2012. All of the extended notes bear a 15% interest rate per annum payable monthly.

Subsequent to March 31, 2012, the Company and certain investors agreed to exchange notes with an aggregate principal balance of \$250,000 for an aggregate of 12,500,000 shares of common stock and five-year warrants to purchase an aggregate of 5,000,000 shares of common stock at an exercise price of \$0.03 per share. The warrants had an aggregate grant date value of \$38,189. The investors received piggyback registration rights related to the stock and the stock issuable pursuant to the warrants.

Investor Relations Agreement

On April 3, 2012, the Company entered into a six-month agreement with a consultant to provide investor relations services whereby the consultant will be paid \$15,000 per month. Unless the agreement is terminated 30 days prior to the end of the six-month period, the agreement will continue with the consultant being paid \$10,000 per month, subject to a 60 day termination notice.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 8 - Subsequent Events – Continued

Additional Warrant

On April 9, 2012, the Company issued a warrant to a shareholder in lieu of reimbursing certain costs associated with a contemplated financing that did not occur. The immediately vested, five-year warrant entitles the shareholder to purchase 4,000,000 shares of common stock at an exercise price of \$0.03 per share. The warrant had a grant date value of \$30,400 which was recognized immediately.

Issuance of Common Stock

Subsequent to March 31, 2012, the Company issued an aggregate of 15,000,000 shares of common stock at a price of \$0.025 per share to investors for aggregate gross proceeds of \$375,000. In consideration of the purchase, the Company issued warrants for the purchase of an aggregate of 4,750,000 shares of common stock, which are exercisable over a period of five years at exercise prices ranging from \$0.03 to \$0.035 per share of common stock. The warrants had an aggregate grant date value of \$36,202.

License Agreement Closing

On April 6, 2012, the RS Agreement became effective. Pursuant to the RS Agreement, the Company obtained, among other things, a worldwide, exclusive, royalty-bearing license from RS to utilize or sublicense a certain medical device for the administration of specific cells and/or cell products to the disc and/or spine (and other parts of the body) and a worldwide (excluding Asia and Argentina), exclusive, royalty-bearing license to utilize or sublicense a certain method for culturing cells for use in repairing damaged areas. The RS Agreement provides for the requirement by the

Company to achieve certain milestones or pay certain minimum royalty amounts in order to maintain the exclusive nature of the licenses. The RS Agreement also provides for a royalty-bearing sublicense of the technology to RS for use for certain purposes. Further, the RS Agreement provides that RS will furnish certain training, assistance and consultation services with regard to the licensed technology. Pursuant to the RS Agreement, on the effective date, the Company paid to RS a net license fee of \$990,000 and issued to RS a warrant for the purchase of 50,000,000 shares of common stock of the Company. The warrant was divided into three tranches. The exercise of the second and third tranches is subject to specified performance criteria. The exercise price for the initial tranche is \$0.03 per share and the exercise price for the second and third tranches is the greater of \$0.03 per share or the then fair market value of the common stock, as defined in the RS Agreement.

Business Advisory Services

On April 18, 2012, the previous agreement for business advisory services, dated February 17, 2011, was extended for nine months until December 31, 2012. Pursuant to the extension, the Company agreed to pay an additional \$90,000 fee (\$10,000 monthly), a \$20,000 bonus (\$10,000 on August 31, 2012 and \$10,000 on December 31, 2012) and issue a five-year warrant to purchase 12,000,000 shares of common stock at an exercise price of \$0.03 per share. The warrant vests on January 1, 2013 and has a grant date value of \$91,200, which will be recognized proportionate to the vesting period.

Marketing Consulting Services

On April 18, 2012, the previous agreement for marketing consulting services, dated February 17, 2011, as amended on July 1, 2011, September 1, 2011 and January 1, 2012, was further amended. The Company agreed to pay a \$20,000 bonus (\$10,000 on August 31, 2012 and \$10,000 on December 31, 2012, and issue a five-year warrant to purchase 15,000,000 shares of common stock at an exercise price of \$0.03 per share. The warrant vests on January 1, 2013 and has a grant date value of \$114,000, which will be recognized proportionate to the vesting period.

Lipo Rejuvenation Centers, Inc. Dissolved

On April 16, 2012, Lipo Rejuvenation Centers, Inc., an inactive entity, was dissolved.

BIORESTORATIVE THERAPIES, INC. & SUBSIDIARIES

(A COMPANY IN THE DEVELOPMENT STAGE)

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 8 - Subsequent Events – Continued

Common Stock Award Vesting

On April 2, 2012, the CEO's 35,000,000 share stock grant vested as a result of the Company raising in excess of \$2,000,000 of financing since November 4, 2011. The Company has agreed to fund the CEO's tax liability (approximately \$115,000) in connection with such vesting. The tax liability is unpaid as of the date of this report.

On April 21, 2012, an aggregate of 5,000,000 shares of common stock related to the two non-employee directors' stock grants vested.

Option Grants

On May 3, 2012, the Company granted ten-year options to two employees to purchase an aggregate of 7,550,000 shares of common stock at an exercise price of \$0.028 per share, pursuant to the Plan. Options to purchase 1,550,000 shares vest 25,000 shares immediately, 525,000 shares on the first anniversary date, 500,000 shares on the second anniversary date and 500,000 shares on the third anniversary date. Options to purchase the remaining 6,000,000 shares vest subject to the satisfaction of certain performance conditions.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the results of operations and financial condition of BioRestorative Therapies, Inc. (and including its subsidiaries, "BRT" or the "Company") as of March 31, 2012 and December 31, 2011 and for the three months ended March 31, 2012 and 2011 should be read in conjunction with our financial statements and the notes to those financial statements that are included elsewhere in this Quarterly Report on Form 10-Q. References in this Management's Discussion and Analysis of Financial Condition and Results of Operations to "us," "we," "our," and similar terms refer to BRT. This Quarterly Report contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions, are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risks and uncertainties discussed in Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors That May Affect Results and Financial Condition") of our Annual Report on Form 10-K for the year ended December 31, 2011 filed with the Securities and Exchange Commission (the "SEC") on April 16, 2012.

Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

Overview

Our goal is to become a medical center of excellence using cell and tissue regenerative therapy protocols, primarily involving a patient's own (autologous) adult stem cells allowing patients to undergo cellular-based treatments. As more and more cellular therapies become standard of care, we intend to focus on the unity of medical and scientific explanations for future clinical procedures and outcomes and the provision of adult stem cells for future personal medical applications. Among the initiatives that we are currently pursuing is one that would involve the use of brown fat in connection with the cell-based treatment of obesity, weight loss, diabetes, hypertension, other metabolic disorders and cardiac deficiencies. We have also entered into a license agreement which permits us to use technology for adult stem cell treatment of disc and spine conditions, including bulging and herniated discs. The technology is an advanced stem cell injection procedure that may offer relief from lower back pain, buttock and leg pain, and numbness

and tingling in the legs and feet.

We also operate a wholly-owned subsidiary, Stem Pearls, LLC, which offers facial creams and other skin care products with certain ingredients that may include plant stem cells and/or other stem cell optimization or regenerative compounds.

We currently are developing an infrastructure to establish a laboratory for the possible development of cellular-based treatment protocols, stem cell-related intellectual property, and research applications.

We are a development stage enterprise. Our primary activities in the stem cell area have been the development of our business plan, negotiating strategic alliances and other agreements and raising capital. We have not generated any revenues. Our web site address is www.biorestorative.com.

Since inception, we have incurred substantial losses. As of March 31, 2012, our accumulated deficit was \$9,018,880, our stockholders' deficiency was \$4,325,865 and our working capital deficiency was \$4,402,371. As of March 31, 2012, we have not yet generated revenues and our losses have principally been operating expenses incurred in development, marketing and promotional activities in order to commercialize our products and services. We expect to continue to incur substantial costs for development, marketing and promotional activities over at least the next year.

Based upon our working capital deficiency as of March 31, 2012 and the lack of any revenues from inception to March 31, 2012, we require equity and/or debt financing to continue our operations. Between June 2009 and March 31, 2012, we raised an aggregate of \$3,674,139 in debt financing. As of March 31 2012, our outstanding debt of \$3,165,500, together with interest at rates ranging between 10% and 15% per annum, is due between February 2012 and March 2013. Subsequent to March 31, 2012, we have received equity financing of \$375,000, received debt financing of \$1,500,000, have extended the due date for repayment with respect to \$1,112,500 of debt and \$250,000 of debt that has been converted to equity. As a result, we expect that the cash we have available will fund our operations only until May 2012. We are currently considering several different financing alternatives to support our operations thereafter. If we are unable to obtain such additional financing on a timely basis and, notwithstanding any request we may make, our debt holders do not agree to convert their notes into equity or extend the maturity dates of their notes, we may have to curtail our development, marketing and promotional activities, which would have a material adverse effect on our business, financial condition and results of operations, and ultimately we could be forced to discontinue our operations and liquidate. See "Liquidity and Capital Resources" below.

Consolidated Results of Operations

Three Months Ended March 31, 2012 compared with Three Months Ended March 31, 2011

The following table presents selected items in our unaudited condensed consolidated statements of operations for the three months ended March 31, 2012 and 2011, respectively.

| | For The Three Months Ended March 31, 2012 | | 2011 |
|--|--|--|-------------|
| Operating Expenses: | | | |
| Marketing and promotion | \$ 39,987 | | \$ 44,805 |
| Payroll and benefits | 504,418 | | 543,431 |
| Consulting expense | 418,966 | | 195,858 |
| General and administrative | 358,804 | | 233,512 |
| Research and development | 2,050 | | - |
| Loss From Operations | (1,324,225) | | (1,017,606) |
| Other income | - | | - |
| Interest expense | (127,097) | | (24,404) |
| Amortization of debt discount | (66,137) | | (71,087) |
| Gain on settlement of note and payables, net | 23,077 | | - |

Net Loss \$(1,494,382) \$(1,113,097)

Marketing and promotion expenses

Marketing and promotion expenses include advertising and promotion, marketing and seminars, meals, and entertainment and travel expenses. For the three months ended March 31, 2012, marketing and promotion expenses decreased by \$4,818, or 11%, as compared to the three months ended March 31, 2011.

We expect that marketing and promotion expenses will increase in the future as we increase our marketing activities following full commercialization of our products and services.

Payroll and benefits

Payroll and benefits consist primarily of salaries, bonuses, payroll taxes, severance costs and stock-based compensation to employees. For the three months ended March 31, 2012, payroll and benefits decreased \$39,013, or 7%, as a result of severance expenses in the quarter ended March 31, 2011, partially offset by increased payroll expenses in in the quarter ended March 31, 2012. We did not have any employees during the three months ended March 31, 2011.

Consulting expenses

Consulting expenses consist of consulting fees and stock-based compensation to consultants. For the three months ended March 31, 2012, consulting expenses increased \$223,108, or 114%, compared to the three months ended March 31, 2011. The increase is primarily due to \$226,008 of increased stock-based compensation to directors, consultants, and advisors during the first quarter of 2012 as compared to the first quarter of 2011.

General and administrative expenses

General and administrative expenses consist primarily of corporate support expenses such as legal and professional fees, investor relations and occupancy related expenses. For the three months ended March 31, 2012, general and administrative expenses increased by \$125,292, or 54%, as compared to the three months March 31, 2011. The increase is primarily a result of an increase of \$71,357 for legal fees incurred related to SEC and other legal work and an increase of \$31,012 in professional fees for accounting services related to our 2011 audit.

We expect that our general and administrative expenses will continue to increase as we expand our staff, develop our infrastructure and incur additional costs to support the growth of our business.

Research and development expenses

Research and development expenses are expensed as they are incurred. For the three months ended March 31, 2012, research and development increased by \$2,050, as compared to the three months ended March 31, 2011.

Interest expense

For the three months ended March 31, 2012, interest expense increased \$102,693, or 421%, as compared to the three months ended March 31, 2011. The increase was mostly due to an increase in short-term borrowings in 2012.

Amortization of debt discount

For the three months ended March 31, 2012, amortization of debt discount decreased \$4,950, or 7%, as compared to the three months ended March 31, 2011.

Gain on settlement of note and payables, net

For the three months ended March 31, 2012, gain on settlement of note and payables, net increased \$23,077 due to the settlement of a payable to our former chief financial officer.

Liquidity and Capital Resources

Liquidity

We measure our liquidity in a number of ways, including the following:

| | March 31, 2012 | December 31, 2011 |
|---------------------------------|-------------------|-------------------------|
| Cash | \$3,113 | \$71,508 |
| Working Capital Deficiency | \$(4,402,371) | \$(3,788,947) |
| Notes Payable (Gross - Current) | \$3,165,500 | \$3,190,000 |

Availability of Additional Funds

Based upon our working capital deficiency of \$4,402,371 as of March 31, 2012 and the lack of any revenues from inception to March 31, 2012, we require equity and/or debt financing to continue our operations. Between June 2009 and March 31, 2012, we raised an aggregate of \$3,674,139 in debt financing. As of March 31 2012, our outstanding debt of \$3,165,500, together with interest at rates ranging between 10% and 15% per annum, is due between February 2012 and March 2013. Subsequent to March 31, 2012, we have received equity financing of \$375,000, received debt financing of \$1,500,000 (which is due in 12 months), have extended the due date for repayment with respect to \$1,112,500 of debt and \$250,000 of debt that has been converted to equity. We have certain notes payable aggregating \$435,000 which matured between March and May 2012. As of the date of this filing, we have not received any notices of default with respect to these notes. As of the date this Quarterly Report on Form 10-Q was filed, our outstanding debt was \$4,415,500.

As a result, we believe that the cash we have available will fund our operations only until May 2012. Thereafter, we will need to raise further capital, through the sale of additional equity securities or otherwise, to support our future operations and to repay our debt (unless, if requested, the debt holders agree to convert their notes into equity or extend the maturity dates of their notes). Our operating needs include the planned costs to operate our business, including amounts required to fund working capital and capital expenditures. Our future capital requirements and the adequacy of our available funds will depend on many factors, including our ability to successfully commercialize our products and services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement our product and service offerings.

We may be unable to raise sufficient additional capital when we need it or to raise capital on favorable terms. Debt financing may require us to pledge certain assets and enter into covenants that could restrict certain business activities or our ability to incur further indebtedness, and may contain other terms that are not favorable to our stockholders or us. If we are unable to obtain adequate funds on reasonable terms, we may be required to significantly curtail or discontinue operations or to obtain funds by entering into financing agreements on unattractive terms.

These conditions raise substantial doubt about our ability to continue as a going concern. Our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate our continuation as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not necessarily purport to represent realizable or settlement values. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

During the three months ended March 31, 2012, our sources and uses of cash were as follows:

Net Cash Used in Operating Activities

We experienced negative cash flow from operating activities for the three months ended March 31, 2012 and 2011 in the amounts of \$393,895 and \$849,911, respectively. The cash used in operating activities for the three months ended March 31, 2012 was primarily due to cash used to fund a net loss of \$1,494,382, adjusted for non-cash expenses related to depreciation and amortization, amortization of debt discount, loss on sale of property and equipment, stock-based compensation, and a gain on settlement of note and payables in the aggregate amount of \$550,845, partially offset by \$549,642 of cash provided by changes in the levels of operating assets and liabilities as a result of increases in accounts payable, accrued expenses and other liabilities. The cash used in operating activities for the three months ended March 31, 2011 was due to cash used to fund a net loss of \$1,113,097, adjusted for non-cash expenses related to depreciation and amortization, amortization of debt discount, and stock-based compensation in the aggregate amount of \$305,400, plus a net usage of \$42,214 of cash to fund changes in the levels of operating assets and liabilities.

Net Cash Used in Investing Activities

During the three months ended March 31, 2012, there was no usage of cash due to investing activities and during the three months ended March 31, 2011, cash of \$6,891 was used in investing activities to acquire furniture, fixtures and office equipment.

Net Cash Provided by Financing Activities

Cash provided by financing activities during the three months ended March 31, 2012 and 2011 was \$325,500 and \$1,344,468, respectively. During the three months ended March 31, 2012, \$275,000 of proceeds were from equity financing, \$50,500 of net proceeds were from debt financing. During the three months ended March 31, 2011, the net proceeds were entirely from debt financing.

Critical Accounting Policies and Estimates

There are no material changes from the critical accounting policies set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Form 10-K filed on April 16, 2012. Please refer to that document for disclosures regarding the critical accounting policies related to our business.

Off-Balance Sheet Arrangements

None.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4: Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), such as this Quarterly Report, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules

and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Principal Executive and Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized, recorded and reported; and (2) our assets are safeguarded against unauthorized or improper use, to permit the preparation of our condensed consolidated financial statements in conformity with United States generally accepted accounting principles.

In connection with the preparation of this Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, management, with the participation of our Principal Executive and Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Principal Executive and Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective.

Changes in Internal Controls

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f)) during the quarter ended March 31, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations of the Effectiveness of Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations of any control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

There are no material pending legal proceedings to which we are a party or to which any of our property is subject, and no such proceedings are known to us to be threatened or contemplated against us.

Item 1A. Risk Factors.

Not applicable.

22 | Page

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

During the three months ended March 31, 2012, we sold the following securities in transactions not involving any public offering. For each of the following transactions, we relied upon Section 4(2) of the Securities Act of 1933, as amended, as transactions by an issuer not involving any public offering. For each such transaction, we did not use general solicitation or advertising to market the securities, the securities were offered to a limited number of persons, the investors had access to information regarding us (including information contained in our Registration Statement on Form 10, as amended, quarterly report for the period ended September 30, 2011 and current reports to the Securities and Exchange Commission and press releases made by us), and we were available to answer questions by prospective investors. We reasonably believe that each of the investors is an accredited investor. The proceeds were used to reduce our working capital deficit.

| DATE ISSUED | NUMBER OF SHARES | PURCHASER(S) | CONSIDERATION (1) | |
|-------------|------------------|-------------------------|-------------------|-----|
| 01/01/12 | 807,700 | TDA Consulting Services | \$ 6,672 | (2) |
| 01/03/12 | 2,000,000 | (4 |) \$ 50,000 | (3) |
| 01/05/12 | 125,000 | (4 |) \$ 992 | (6) |
| 01/05/12 | 250,000 | (4 |) \$ 1,983 | (6) |
| 01/05/12 | 250,000 | (4 |) \$ 1,983 | (6) |
| 01/20/12 | 250,000 | (4 |) \$ 1,772 | (5) |
| 02/01/12 | 250,000 | (4 |) \$ 1,772 | (5) |
| 02/01/12 | 807,700 | TDA Consulting Services | \$ 6,672 | (5) |
| 02/06/12 | 4,000,000 | (4 |) \$ 100,000 | (3) |
| 02/06/12 | 4,000,000 | (4 |) \$ 100,000 | (3) |
| 02/11/12 | 125,000 | (4 |) \$ 992 | (6) |
| 02/13/12 | 1,000,000 | (4 |) \$ 25,000 | (3) |
| 02/23/12 | 125,000 | (4 |) \$ 992 | (6) |
| 03/01/12 | 807,700 | TDA Consulting Services | \$ 6,672 | (2) |
| 03/15/12 | 250,000 | (4 |) \$ 1,772 | (5) |
| 03/15/12 | 170,000 | (4 |) \$ 1,205 | (5) |
| 03/15/12 | 170,000 | (4 |) \$ 1,205 | (5) |
| 03/15/12 | 500,000 | (4 |) \$ 3,544 | (5) |
| 03/15/12 | 170,000 | (4 |) \$ 1,205 | (5) |
| 03/16/12 | 250,000 | (4 |) \$ 1,983 | (6) |
| 03/28/12 | 1,250,000 | (4 |) \$ 25,000 | (7) |
| 03/28/12 | 1,250,000 | (4 |) \$ 25,000 | (7) |
| 03/28/12 | 1,250,000 | (4 |) \$ 25,000 | (7) |
| 03/29/12 | 250,000 | (4 |) \$ 1,772 | (5) |

(1) The value of the non-cash consideration was estimated to be the fair value (relative fair value in the case of shares issued in connection with debt issuance) of our restricted common stock, which was estimated based on

(i) historical observations of cash prices paid for our restricted common stock; and (ii) publicly traded prices after taking into account discounts for the applicable restrictions.

- (2) Issued in consideration of business advisory services.
- (3) Issued for cash in connection with warrants.
- (4) Accredited investor.
- (5) Issued as debt discount in connection with loans.
- (6) Issued in consideration of debt extension.
- (7) Issued in consideration of debt exchange.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

| Exhibit | Description |
|---------|---|
| 31.1 | Chief Executive Officer Certification * |
| 31.2 | Chief Financial Officer Certification * |
| 32 | Section 1350 Certification ** |
| 101.INS | XBRL Instance Document ** |
| 101.SCH | XBRL Schema Document ** |
| 101.CAL | XBRL Calculation Linkbase Document ** |
| 101.DEF | XBRL Definition Linkbase Document ** |
| 101.LAB | XBRL Label Linkbase Document ** |
| 101.PRE | XBRL Presentation Linkbase Document ** |

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 14, 2012 BIORESTORATIVE THERAPIES, INC.

By: /s/ Mark Weinreb

Mark Weinreb
Chief Executive Officer
(Principal Executive and Financial Officer)

25 | Page