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Stem Cell Therapy International, Inc.
Form 10QSB
August 16, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2007

TRANSITION REPORT UNDER SECTION 13 OR 15 (D) OF THE EXCHANGE ACT

For the transition period from to

Commission file number 0-17232

STEM CELL THERAPY INTERNATIONAL, INC.

(Exact name of small business issuer as specified in its charter)

NEVADA 88-0374180
(State or other jurisdiction of (IRS Employer Identification
Incorporation or organization) Number)

2203 N. Lois Avenue, 9th Floor, Tampa, FL 33607

(Address of principal executive offices)

(813) 600-4088

(Issuer's telephone number)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the last practicable date:

35,045,369 shares of common stock, \$0.001 par value, as of August 13, 2007.

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Transitional Small Business Disclosure Format (check one): Yes [] No [X]

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STEM CELL THERAPY INTERNATIONAL, INC. (A DEVELOPMENT STAGE ENTERPRISE)

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated financial statements have been

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prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-QSB and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature. Operating results for the three month periods ended June 30, 2007 and 2006 are not necessarily indicative of the results that may be expected for the year ending March 31, 2008. For further information refer to the consolidated financial statements and footnotes thereto included in the Company's Form 10-KSB filed with the Securities and Exchange Commission.

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Stem Cell Therapy International Inc.
(a development stage enterprise)

Condensed Consolidated Balance Sheets

	June 30, 2007	March 31, 2007
	-----	-----
	(unaudited)	
ASSETS		
Current assets:		
Cash	\$ 5,218	\$ 27,905
Inventory	-	5,988
Prepaid expenses	177,662	47,317
	-----	-----
Total current assets	182,880	81,210
Certificate of deposit, restricted	45	3,919
Prepaid expenses and other assets	40,877	53,378
	-----	-----
Total Assets	\$ 223,802	\$ 138,507
	=====	=====
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 109,014	\$ 62,875
Accrued expenses	259,953	245,557
Deferred revenue	30,000	50,000
Stockholder advances	48,753	48,753
Due to related party	235,200	225,200
	-----	-----
Total current liabilities	682,920	632,385
	-----	-----
Commitments and contingencies (Note 6)	-	-
Stockholders' deficit:		
Preferred stock; \$.001 par value; 10,000,000 shares authorized and 500,000 issued and outstanding	500	500
Common stock; \$.001 par value; 100,000,000 shares authorized; 35,045,369 and 34,495,369		

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issued and outstanding as of June 30, 2007 and March 31, 2007, respectively	35,045	34,495
Additional paid-in capital	822,025	660,575
Deficit accumulated during development stage	(1,316,688)	(1,189,448)
	-----	-----
Total stockholders' deficit	(459,118)	(493,878)
	-----	-----
 Total liabilities and stockholders' deficit	 \$ 223,802	 \$ 138,507
	=====	=====

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

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Stem Cell Therapy International Inc.
(a development stage enterprise)

Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended		December 2, 2004 (Date of Inception Through June 30,
	June 30, 2007	June 30, 2006	2004
	-----	-----	-----
Revenue	\$ 20,000	\$ 25,705	\$ 446,000
Cost of goods sold:			
General	10,268	14,525	236,000
Loss on firm purchase commitment	-	-	116,000
	-----	-----	-----
Gross margin	9,732	11,180	94,000
Operating expenses:			
Selling, general and administrative	135,411	200,749	1,412,000
	-----	-----	-----
Loss from operations	(125,679)	(189,569)	(1,318,000)
Interest (expense) income, net	(1,561)	(186)	2,000
	-----	-----	-----
Net loss before taxes	(127,240)	(189,755)	(1,316,000)
Income tax expense	-	-	-
	-----	-----	-----

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Net loss	(127,240)	(189,755)	(1,316,
Less: Dividends on preferred stock	-	-	(10,
Loss attributable to common shareholders	\$ (127,240)	\$ (189,755)	\$ (1,326,
Loss per share, basic and diluted	\$ (.00)	\$ (.01)	\$ (0
Weighted average number of common shares outstanding, basic and diluted	34,650,925	33,813,490	29,253,

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

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STEM CELL THERAPY INTERNATIONAL, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
FROM DECEMBER 2, 2004 (DATE OF INCEPTION) THROUGH JUNE 30, 2007 (UNAUDITED)

	COMMON STOCK		PREFERRED STOCK			DEFICIT ACCUMULATED DURING DEVELOPMENT STAGE
	SHARES	AMOUNT	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	
Issuance of common stock for cash	13,550,000	\$13,550	-	\$ -	\$ -	\$ -
Exercise of stock options for services	500,000	500	-	-	-	-
Issuance of common stock and options for acquisition deposit	5,000,000	5,000	-	-	2,749	-
Stock options issued for services	-	-	-	-	906	-
Issuance of common stock for services	2,170,000	2,170	-	-	-	-
Net loss for the period	-	-	-	-	-	-
Balance, March 31, 2005	21,220,000	\$21,220	-	\$ -	\$ 3,655	\$ -

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Cancellation of common stock issued and options awarded for services	(5,600,000)	(5,600)	-	-	(2,749)
Issuance of common stock for services	8,741,832	8,741	-	-	299,898
Reverse acquisition, September 1, 2005	6,310,678	6,311	-	-	(906)
Issuance of common stock for a reduction in shareholder advances	3,000,000	3,000	-	-	-
Issuance of preferred stock for cash	-	-	500,000	500	34,500
Dividend on preferred stock	-	-	-	-	(10,000)

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STEM CELL THERAPY INTERNATIONAL, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT (CONTINUED)
FROM DECEMBER 2, 2004 (DATE OF INCEPTION) THROUGH JUNE 30, 2007 (UNAUDITED)

	COMMON STOCK		PREFERRED STOCK			DEFICIT ACCUMULATED DURING DEVELOPMENT STAGE
	SHARES	AMOUNT	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	
Net loss for the year ended March 31, 2006	-	-	-	-	-	(
Balance, March 31, 2006	33,672,510	\$33,672	500,000	\$ 500	\$ 324,398	(\$
Issuance of common stock for services	822,859	823	-	-	336,177	
Net loss for the year ended March 31, 2007	-	-	-	-	-	(
Balance, March 31, 2007	34,495,369	\$34,495	500,000	\$ 500	\$ 660,575	(\$1,
Issuance of common stock for services	550,000	550	-	-	161,450	
Net loss for the three months ended June						

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30, 2007

	-	-	-	-	-	-
Balance, June 30, 2007	35,045,369	\$35,045	500,000	\$ 500	\$ 822,025	(\$1,

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

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Stem Cell Therapy International Inc.
(a development stage enterprise)
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	December 2, 2004 (Date of Inception Through June 30, 2007
OPERATING ACTIVITIES:			
Net loss	\$ (127,240)	\$ (189,755)	\$ (1,316,68
Adjustments to reconcile net loss to net cash used by operating activities:			
Stock based compensation	44,156	64,848	606,96
Investment income reinvested	-	-	(2,94
Amortization	-	125	66
Write off of intangible asset	-	-	4,33
(Increase) decrease in:			
Inventory	5,988	-	
Prepaid expenses	-	22,410	(12,31
Deposits	-	-	(2,16
Increase (decrease) in:			
Accounts payable	46,139	22,419	109,01
Accrued payroll	14,396	37,104	184,95
Accrued expenses	-	-	75,00
Deferred revenue	(20,000)	24,275	30,00
Net cash used by operating activities	(36,561)	(18,574)	(323,18
INVESTING ACTIVITIES:			
Proceeds from (investment in) certificate of deposit, restricted	3,874	-	2,89
Net cash provided (used) by investing activities	3,874	-	2,89
FINANCING ACTIVITIES:			
Proceeds from advances from stockholder	-	365	52,52
Payments to stockholder	-	-	(77
Advances from related party	10,000	228	235,20
Proceeds from sale of stock	-	-	38,55

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Net cash provided by financing activities	10,000	593	325,500
NET (DECREASE) INCREASE IN CASH	(22,687)	(17,981)	5,218
CASH AT BEGINNING OF PERIOD	27,905	32,642	
CASH AT OF END OF PERIOD	\$ 5,218	\$ 14,661	\$ 5,218
Cash paid for interest	\$ 1,572	\$ -	\$ 3,230
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION AND NON-CASH FINANCING ACTIVITIES:			
Common stock issued for a reduction in advance from shareholder	\$ -	\$ -	\$ 3,000
Common stock issued for purchase of intangible assets	\$ -	\$ -	\$ 5,000

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

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Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Condensed Consolidated Financial Statements
Three Months Ended June 30, 2007 and 2006 (unaudited)
and the period from December 2, 2004 (Date of Inception)
through June 30, 2007 (unaudited)

1. BACKGROUND INFORMATION AND BASIS OF PRESENTATION

Company Background

Stem Cell Therapy International, Inc. (the "Company"), was originally incorporated in the state of Nevada on December 28, 1992 as Arklow Associates, Inc. The Company's operating business is Stem Cell Therapy International Corp. ("Stem Cell Florida") a wholly owned subsidiary which is a development stage enterprise and was incorporate in the state of Nevada on December 2, 2004. To date, the Company's activities have been limited to raising capital, organizational matters, and the structuring of its business plan. The corporate headquarters is located in Tampa, Florida.

The Company is engaged in the licensing of stem cell technology, the sales of stem cell products, and information, education, and referral services relating to potential stem cell therapy patients. The Company manufactures allo stem cell biological solutions that are currently being used in the treatment of patients suffering from degenerative disorders of the human body such as Alzheimer's, Parkinson's Disease, ALS, leukemia, muscular dystrophy, multiple sclerosis, arthritis, spinal cord injuries, brain injury, stroke, heart disease, liver and retinal disease, diabetes as well as certain types of cancer. The Company has established agreements with highly specialized, professional medical treatment

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facilities around the world in locations where stem cell transplantation therapy is approved by the appropriate local government agencies. The Company intends to provide these biological solutions containing stem cell products in the United States to universities, institutes and privately funded laboratory facilities for research purposes and clinical trials. Its products, which are available now, include various allo stem cell biological solutions (containing human stem cells), low-molecular proteins and human growth factor hormones. The Company intends to deliver stem cell transplants worldwide, educate and consult with physicians and patients in the clinical aspects of stem cell transplantation.

Business reorganization:

Effective September 1, 2005, Stem Cell Florida entered into a Reorganization and Stock Purchase Agreement (the "Agreement") with the Company, then named Altadyne, Inc., a company quoted on the Pink Sheets, which had no assets, liabilities or ongoing operations. Under the terms of the agreement, the Company, (then Altadyne) acquired 100% of the issued and outstanding shares of common stock of Stem Cell Florida in a non-cash transaction and Stem Cell Florida became a wholly owned subsidiary of the Company. Subsequent to the merger, Altadyne changed its name to Stem Cell Therapy International Inc. This transaction is accounted for as a reverse merger, with Stem Cell Florida treated as the accounting acquirer for financial statement purposes.

The results of operations for Stem Cell Florida, the accounting acquirer, for the period from December 2, 2004 (Date of Inception) have been included in the consolidated statements of operations of the Company.

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Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Condensed Consolidated Financial Statements
Three Months Ended June 30, 2007 and 2006 (unaudited)
and the period from December 2, 2004 (Date of Inception)
through June 30, 2007 (unaudited)

1. BACKGROUND INFORMATION AND BASIS OF PRESENTATION (CONTINUED):

Basis of presentation:

In the opinion of management, the accompanying consolidated financial statements include all adjustments, consisting only of normal recurring items, necessary for their fair presentation in conformity with generally accepted accounting principles. The results of operations for the three months ended June 30, 2007 are not necessarily indicative of the results for a full year.

The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principals generally accepted in the United States of America.

The condensed consolidated financial statements for the period ended June 30, 2007 and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto for the year ended March 31, 2007 as filed in the Form 10-KSB, filed with the Securities and Exchange Commission on July 16, 2007.

Principles of consolidation:

The accompanying consolidated financial statements include the accounts of Stem Cell Therapy International, Inc. and its wholly-owned subsidiary, Stem Cell Therapy International Corp. All intercompany accounts and transactions have

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been eliminated.

2. LIQUIDITY AND MANAGEMENT'S PLANS:

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. For the three months ended June 30, 2007 and the period since December 2, 2004 (date of inception) through June 30, 2007, the Company has had net losses of \$127,240 and \$1,316,688, respectively and cash used by operations of \$36,561 and \$323,183, respectively, and negative working capital of \$500,040 at June 30, 2007. As of June 30, 2007, the Company has not emerged from the development stage. In view of these matters, the ability of the Company to continue as a going concern is dependent upon the Company's ability to generate additional financing and ultimately increase operations and to achieve a level of profitability. Since inception, the Company has financed its activities principally from the use of equity securities to pay for services and related party advances. The Company intends on financing its future development activities and its working capital needs largely from the sale of equity securities, debt financing and loans from the Company's Chief Executive Officer, until such time that funds provided by operations are sufficient to fund working capital requirements. There can be no assurance that the Company will be successful at achieving its financing goals at reasonably commercial terms, if at all.

3. SIGNIFICANT ACCOUNTING POLICIES:

Adoption of FASB Interpretation No. 48:

Effective April 1, 2007, the Company adopted the accounting provisions of FASB Interpretation No. 48, Accounting for Uncertainties in Income Taxes (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized, prescribes a recognition threshold and measurement attribute for financial statement recognition of tax positions taken or expected to be taken by the Company in its income tax returns. The Company recognizes income taxes on tax positions which have not been considered more-likely-than-not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the positions. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement.

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Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Condensed Consolidated Financial Statements
Three Months Ended June 30, 2007 and 2006 (unaudited)
and the period from December 2, 2004 (Date of Inception)
through June 30, 2007 (unaudited)

4. EQUITY:

The Company has 100,000,000 shares of common stock authorized. In addition, there are 10,000,000 authorized shares of participating convertible preferred stock, \$.001 par value, the issuance of which is subject to approval by the Board of Directors. The Board of Directors has the authority to declare dividends. The voting rights of the convertible preferred stockholders are equivalent to that of the common stockholders. The convertible preferred stock can be converted at any time by the holder into one share of common stock. As of June 30, 2007, the Company had 500,000 shares of convertible preferred stock issued and outstanding. Management determined that the convertible preferred stock contained a beneficial conversion feature based on the effective conversion price and the fair value of the convertible preferred stock. The beneficial conversion was recorded in an amount equal to the difference between

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the calculated fair value and the book value, which was \$10,000 and was recorded as additional paid in capital and interest expense, as the preferred stock can be converted at any time after the issue date.

During the three months ended June 30, 2007, the Company issued 250,000 shares of common stock valued at \$45,000, in exchange for consulting services to be provided through August 11, 2007. As of June 30, 2007, the Company has included \$22,500 in prepaid expenses. The Company also issued 300,000 shares of common stock valued at \$117,000 for consulting services to be provided through December 25, 2007. As of June 30, 2007, the Company has included \$117,000 in prepaid expenses.

5. INCOME TAXES

The Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainties in Income Taxes (FIN 48). FIN 48, on April 1, 2007. The implementation of FIN No. 48 had no effect on the Company's financial position or results of operations. The Company classifies interest and penalties incurred on tax deficiencies in interest expense and other expense, respectively.

Taxes on income are provided in accordance with SFAS No. 109, Accounting for Income Taxes. Deferred income tax assets and liabilities are recognized for the expected future tax consequences of events that have been reflected in the consolidated financial statements. Deferred tax assets and liabilities are determined based on the differences between the book values and the tax bases of particular assets and liabilities and the tax effects of net operating loss and capital loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized as income or expense in the period that included the enactment date. The Company has incurred operating losses since its inception and, therefore, no tax liabilities have been incurred for the periods presented. The amount of unused tax losses available to carry forward and apply against taxable income in future years totaled approximately \$1,130,000 at June 30, 2007. The loss carry forwards expire beginning in 2025. Internal Revenue Code Sec. 382 places limitations on the utilization of net operating losses. Due to the limitation the Company has placed a full valuation allowance against that asset of approximately \$494,300.

The income tax provision differs from the amount of tax determined by applying the Federal statutory rate as follows:

	Three Months Ended		Period from December 2, 2004 through
	June 30, 2007	June 30, 2006	June 30, 2007
Income tax provision			
at statutory rate	(\$43,262)	(\$65,077)	(\$404,412)
Increase (decrease) in			
income tax due to:			
Nondeductible expenses	481	-	670
State income taxes, net	(4,619)	(6,307)	(43,177)
Change in valuation allowance	47,400	71,384	446,919
	\$ 0	\$ 0	\$ 0
	0	0	0

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Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Condensed Consolidated Financial Statements
Three Months Ended June 30, 2007 and 2006 (unaudited)
and the period from December 2, 2004 (Date of Inception)
through June 30, 2007 (unaudited)

5. INCOME TAXES (CONTINUED)

There was no current or deferred provision or benefit for income taxes for the three months ended June 30, 2007 and 2006 and for the period from December 2, 2004 (Date of Inception) through June 30, 2007. The components of deferred tax assets as of June 30, 2007 and March 31, 2007:

	June 30, 2007	March 31, 2007
	-----	-----
Deferred tax (liability) asset:		
Accrued payroll	\$ 68,300	\$ 64,200
Net operating loss carryforward	426,000	382,700
	-----	-----
	494,300	446,900
Valuation allowance	(494,300)	(446,900)
	-----	-----
Total deferred taxes	\$ 0	\$ 0
	=====	=====

Income taxes are based on estimates of the quarterly effective tax rate and evaluations of possible future events and transactions and may be subject to subsequent refinement or revision.

6. COMMITMENTS AND CONTINGENCIES

Consulting agreements:

The Company has entered into several consulting agreements with other companies and individuals to provide consulting and advisory services to the Company. The agreements provide for terms ranging from one to three years. Additionally, the consulting agreements required the issuance of 4,789,000 shares of the Company's common stock valued at \$544,409 on the date of the agreement as the shares are non-forfeitable and non-cancelable. As of June 30, 2007, the Company had issued these shares of common stock and has included \$216,208 in prepaid expenses for services not yet performed pursuant to the agreements.

Effective May 4, 2005, the Company entered into an agreement with Westminster Securities Corporation (Westminster) for consulting services and to secure funding and/or lines of credit. In exchange for these services, the Company paid Westminster a \$20,000 retainer and will pay 10% of any equity-based funding, 8% of any debt-based convertible funding, 5% of any nonconvertible debt-based funding, as well as, issue warrants equal to 10% of the number of shares of stock issued in connection with the funding. As of June 30, 2007, no funding has been secured, however, Westminster did facilitate the acquisition of Altadyne, and therefore received 379,000 shares of common stock in September 2005.

Licensing agreement:

Effective September 1, 2005, the Company entered into a ten year licensing agreement with the Institute of Cell Therapy, a company incorporated and organized under the laws of Kiev, Ukraine ("ICT"). Pursuant to the agreement, the Company issued ICT 5,000,000 shares of the Company's common stock recorded at the fair market value of the Company's common stock of \$5,000. The agreement

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grants the Company a right and license in most parts of the world to utilize patents, processes and products owned or produced by ICT in connection with the operation of the Company's business. In exchange for the license, the Company agrees to exclusively purchase all biological solution of stem cell Allo Transplant materials from ICT. Such Allo Transplant materials shall be at a cost of \$6,500 per patient per condition. The licensing agreement guarantees a minimum purchase of 60 portions per twelve month period. In the event that the Company is unable to purchase the minimum quantities, ICT will be entitled to draw upon the irrevocable letter of credit at the rate of \$2,000 for every portion less than the minimum required purchase. The Company had provided ICT with a \$120,000 irrevocable letter of credit in ICT's favor for the first three years of the agreement. In the event the Letter of Credit is drawn upon, the Company agreed to replenish the Letter of Credit to the extent of any such draws. As of September 2006, the Company had not met the first year's minimum purchase requirement and ICT withdrew \$116,000 on the letter of credit, which has been included in the cost of goods sold in the accompanying Consolidated Statements of Operations for the period from inception through June 30, 2007. However, ICT was unable to provide the product as requested and the Company was required to purchase the

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Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Condensed Consolidated Financial Statements
Three Months Ended June 30, 2007 and 2006 (unaudited)
and the period from December 2, 2004 (Date of Inception)
through June 30, 2007 (unaudited)

6. Commitments and Contingencies (continued)

stem cell materials from alternative sources. Management believes that ICT's inability to provide the requested stem cell materials relieves the Company of its obligations to replenish the letter of credit and to fulfill the minimum purchase requirements. As such, the accompanying consolidated financial statements do not reflect any liability for the Company's failure to purchase the minimum amount of stem cell materials under the above mentioned license agreement.

Financing agreements:

During the year ended March 31, 2007, the Company entered into an agreement to locate financing with a third party for three years. As consideration for these consulting services, the Company has agreed to issue 500,000 shares of restricted common stock and a 10% finder's fee for any funds brought into the Company. As of June 30, 2007, the Company has not entered into any funding agreements, and therefore the third party is not owed any consideration.

Effective June 27, 2007, the Company entered into an agreement with Newbridge Securities, Corp. ("Newbridge") to assist the Company on a "best efforts" basis in raising approximately \$250,000 in a private offering of up to 2 million shares of restricted common stock at a price of \$.125 per share. Newbridge is entitled to a selling concession of 10% of the gross proceeds of the offering, a 3% non-accountable expense allowance and warrant coverage equal to 20% of the total securities placed in the offering, including any penalty shares, at an exercise price of \$.15 per share. The Company is required to file a registration statement covering the above securities within 45 days of the completion of the offering. If the Company fails to have the registration statement deemed effective by the Securities and Exchange Commission within 135 days after the completion of the offering, the Company will issue to the holders of the securities, additional shares of restricted common stock equal to 1.5% of the number of shares purchased for each thirty-day period until the registration

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statement is deemed effective, up to a maximum of eight such thirty-day periods.

Subsequent to June 30, 2007, Newbridge assisted the Company in raising approximately \$226,000 of proceeds from a private placement offering.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

THE FOLLOWING INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF STEM CELL THERAPY INTERNATIONAL, INC. AND THE NOTES THERETO APPEARING ELSEWHERE IN THIS FILING. STATEMENTS IN THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION AND ELSEWHERE IN THIS FILING ON FORM 10-QSB THAT ARE NOT STATEMENTS OF HISTORICAL OR CURRENT FACT CONSTITUTE "FORWARD-LOOKING STATEMENTS."

GENERAL OVERVIEW

Stem Cell Therapy International, Inc. (the "Company") was originally incorporated in Nevada on December 28, 1992 as Arklow Associates, Inc., and after several name changes was renamed Altadyne, Inc. By March, 2005, the Company (then Altadyne, Inc.) had no assets, liabilities, or ongoing business. On March 20, 2005, R Capital Partners ("R Capital") acquired the Company (then Altadyne, Inc.), and on September 1, 2005, the Company (then Altadyne), acquired Stem Cell Therapy International Corp., a Nevada corporation ("Stem Cell Florida") in what was effectively a reverse acquisition. Following the transaction, Stem Cell Florida became a wholly owned subsidiary of the Company, and Stem Cell Florida's shareholders became shareholders of the Company. On October 5, 2005, the Company changed its name to Stem Cell Therapy International, Inc. to reflect the new business of the Company. This transaction is accounted for as a reverse merger, with Stem Cell Florida treated as the accounting acquirer for financial statement purposes.

Stem Cell Florida was incorporated in Nevada on December 2, 2004. Following the reverse acquisition, the Company assumed and is continuing the operations of Stem Cell Florida. The Company's executive management team are: Calvin C. Cao, Chairman and Chief Executive Officer, Daniel J. Sullivan, Chief Financial Officer, and Lixian Jiang, Chief Operating Officer and Patent Trademark Counsel.

We are indirectly involved, as a "middle man," in research and development and practical application within the field of regenerative medicine. We provide allo (human) stem cell biological solutions that are currently being used in the treatment of patients suffering from degenerative disorders of the human body. We have established agreements with highly specialized, professional medical treatment facilities around the world in locations where Stem Cell Transplantation therapy is approved by the appropriate local government agencies.

We intend to provide these biological solutions containing allo stem cell products also in the United States to universities, institutes and privately funded laboratory facilities for research purposes and clinical trials.

We will initially devote most of our efforts toward organization and fund raising for planned clinics and patient operations and limited revenues have been generated from any such operations. The Company has experienced recurring losses from operations since its inception

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and at June 30, 2007, we had a working capital deficit of \$500,040 and an

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accumulated deficit from operations of \$1,316,668. As noted in the independent audit report for the audited Stem Cell Therapy International, Inc. financial statements for the period from inception to March 31, 2007, these factors raise doubt about the ability of the Company to continue as a going concern. Realization of the Company's business plan is dependent upon the Company's ability to meet its future financing requirements, and the success of future operations. This is because we have not generated substantial revenues since inception. Our only other source for cash at this time is through investments or loans from management. We must raise cash to implement our project and stay in business.

CRITICAL ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with generally accepted accounting principles of the United States of America, and their basis of application is consistent. Outlined below are those policies considered particularly significant:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Common stock transactions for services are recorded at either the fair value of the stock issued or the fair value of the services rendered, whichever is more evident on the day that the transactions are executed. The certificates must be issued subsequent to the transaction date.

We apply Staff Accounting Bulletin No. 104 "Revenue Recognition" ("SAB No. 104") to our revenue arrangements. Currently, our only revenue transactions derive from providing informational and referral services; we have no plans to enter into any other revenue transaction in the near future. In accordance with SAB No. 104, we recognize revenue related to these services upon rendering the services, as long as (1) there is persuasive evidence of an arrangement, (2) the sales price is fixed or determinable, and (3) collection of the related receivable is reasonably assured. Any payments received prior to delivery of the products or services are included in deferred revenue and recognized once the products are delivered or the services are performed.

Research and development costs are charged to operations when incurred and are included in operating expenses.

RESULTS OF OPERATIONS

As of June 30, 2007 and for the three months ended June 30, 2007 and 2006

We had revenue of \$20,000 during the three months ended June 30, 2007 as compared to \$25,705 of revenue for the comparable period in 2006. Revenues during 2007 reflected the

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treatment of one patient whereas there were two patients treated during the same period ended 2006.

Our cost of goods sold for the stem cell biological material delivered during the three months ended June 30, 2007 was \$10,268 as compared to \$14,525 for the same period ended 2006. The decrease in cost of goods sold is due to the decrease in patient treatments in 2007 compared to the same period in 2006.

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Gross margins for the three months ended June 30, 2007 was 49% compared to 43% for the three months ended June 30, 2006. The increase in gross margin is due to the Company purchasing the stem cell biological materials from less expensive vendors.

Selling, general and administrative expenses decreased \$65,338 or 33% to \$135,411 for the three months ended June 30, 2007 as compared to \$200,749 for the three months ended June 30, 2006. The decrease in selling, general and administrative expenses for the three months ended June 30, 2007 is primarily due to an approximate \$72,000 decrease in professional fees as the Company has not yet renewed the doctor's consulting agreements and is not entering into as many investor relations and finance consulting agreements as in the prior year. The decrease is also due to the decrease of approximately \$6,000 in payroll expenses. The decrease in payroll expenses is due to the loss of an employee during the year ended March 31, 2007. These decreases are partially offset by an increase of approximately \$6,000 in research and development costs and \$3,400 increase in travel and entertainment expenses.

Our net loss for the three months ended June 30, 2007 was \$127,240 as compared to \$189,755 during the same period in 2006. The loss primarily reflects decreases in professional fees and payroll expenses.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial statements have been prepared assuming that the Company will continue as a going concern. For the three months ended June 30, 2007 and the period since December 2, 2004 (date of inception) through June 30, 2007, the Company has had a net loss of \$127,240 and \$1,316,688, respectively and cash used by operations of \$36,561 and \$323,183, respectively, and negative working capital of \$500,040 at June 30, 2007.

As of June 30, 2007, the Company has not emerged from the development stage. In view of these matters, recoverability of recorded asset amounts shown in the accompanying financial statements is dependent upon the Company's ability to begin significant operations and to achieve a level of profitability. Since inception, the Company has financed its activities principally from shareholder advances and some relatively minor sales of equity securities (as set forth below). The Company intends on financing its future development activities and its working capital needs largely from the sale of equity securities until such time that funds provided by operations are sufficient to fund working capital requirements.

Effective June 27, 2007, the Company entered into an agreement with Newbridge Securities, Corp. ("Newbridge") to assist the Company on a "best efforts" basis in raising

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approximately \$250,000 in a private offering of up to 2 million shares of restricted common stock at a price of \$.125 per share.

Subsequent to June 30, 2007, the Company has received approximately \$226,000 of proceeds from the private placement offering.

Unpredictability of future revenues; Potential fluctuations in quarterly operating results; Seasonality

As a result of our limited operating history and the emerging nature of the biotechnological markets in which we compete, we are unable to accurately forecast future revenues. Our current and future expense levels are based largely on our investment plans and estimates of future revenues and are to a

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large extent fixed and expected to increase.

Sales and operating results generally depend on the volume of, timing of and ability to fulfill the number of orders received for the biological solution and the number of patients treated which are difficult to forecast. We may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in revenues in relation to our planned expenditures would have an immediate adverse effect on our business, prospects, financial condition and results of operations. Further, as a strategic response to changes in the competitive environment, we may from time to time make certain pricing, service or marketing decisions which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We expect to experience significant fluctuations in our future quarterly operating results due to a variety of factors, many of which are outside our control. Factors that may adversely affect our quarterly operating results include (i) our ability to retain existing patients, attract new patients at a steady rate and maintain patient satisfaction, (ii) our ability to manage our affiliated production facility and maintain gross margins, (iii) the announcement or introduction of new treatments and/or patents by the Company and its competitors, (iv) price competition or higher prices in the industry, (v) the level of use of the Internet and on-line patient services, (vi) the Company's ability to upgrade and develop its systems and infrastructure and attract new personnel in a timely and effective manner, (vii) the level of traffic on our website, (viii) technical difficulties, system downtime, (ix) the amount and timing of operating costs and capital expenditures relating to expansion of our business, operations and infrastructure, (x) governmental regulation, and (xi) general economic conditions.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not currently engaged in any off-balance sheet arrangements, as defined by Item 303(c)(2) of Regulation S-B. The Company has not engaged in any off-balance sheet arrangement during the last fiscal year, and is not reasonably likely to engage in any off-balance sheet arrangement in the near future.

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ITEM 3. CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), as of June 30, 2007, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of the Company's management, including the Company's Chief Financial Officer (who has served as the principal financial and accounting officer) and its President (who serves as the principal operating officer). Based upon that evaluation, the Company's President and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective in alerting them to material information regarding the Company's financial statement and disclosure obligation in order to allow the Company to meet its reporting requirements under the Exchange Act in a timely manner.

The Company's management, with the participation of its President and Chief Financial Officer, has determined that there has been no change in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Effective May 11, 2007, the Company issued 250,000 shares of common stock to Mirador Consulting Group in connection with consulting services to be provided to the Company. These shares were issued without any public offering in accordance with Section 4(2) of the Securities Act of 1933, as amended.

Effective June 25, 2007, the Company issued 300,000 shares of common stock to Interactive Resources Group Inc. in connection with consulting services to be provided to the Company. These shares were issued without any public offering in accordance with Section 4(2) of the Securities Act of 1933, as amended.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

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ITEM 5. OTHER INFORMATION

Not Applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit Index. The following exhibits are filed with or incorporated by reference into this quarterly report:

- 3.1 Articles of Incorporation of Stem Cell Therapy International, Inc., as amended*
- 3.2 Articles of Incorporation of Stem Cell Therapy Corp.*
- 3.3 Certificate of Designation of Series A Preferred Stock*
- 3.4 By-laws of Stem Cell Therapy International, Inc.*
- 10.1 Business Consulting and Services Agreement dated as of December 16, 2004 between Stem Cell Therapy International Corp. and PMS SA.*
- 10.2 Consulting Agreement dated as of January 4, 2005 between Stem Cell Therapy International Corp. and RES Holdings Corp.*
- 10.3 Investor and Media Relations Contract dated as of February 10, 2005 between Stem Cell Therapy International Corp. and Stern & Co.*
- 10.4 Executive Suite Lease Agreement dated as of February 15, 2005 between Stem Cell Therapy International Corp. and Wilder Corporation.*
- 10.5 Engagement Letter dated as of May 3, 2005 between the Company and Westminster Securities Corporation.*

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- 10.6 Reorganization and Stock Purchase Agreement dated as of September 1, 2005 between the Company (then Altadyne, Inc.), Stem Cell Therapy International Corp. and R Capital Partners, Inc.*
- 10.7 Licensing Agreement dated as of September 1, 2005 between the Company and Institute of Cell Therapy.*
- 10.8 Consulting Agreement dated as of September 1, 2005 between the Company and European Consulting Group, LLC.*
- 10.9 Consulting Agreement dated as of September 1, 2005 between the Company and Global Management Enterprises, LLC.*

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- 10.10 Consulting Agreement dated as of September 1, 2005 between the Company and USA Consulting Group, LLC.*
- 10.11 Professional Services Agreement dated as of September 7, 2005 between the Company and Bridgehead Group Limited, Inc.*
- 10.12 Public Relations Agreement dated as of September 19, 2005 between the Company and Stern & Co.*
- 10.13 Advisory Physician Agreement dated as of October 4, 2005 between the Company and Alexey Bersenev.*
- 10.14 Medical and Scientific Advisory Board Member Agreement dated as of October 10, 2005, between the Company and Dr. Weiwen Deng.*
- 10.15 Medical and Scientific Advisory Board Member Agreement dated as of October 24, 2005, between the Company and Dr. Jorge Quintero.*
- 10.16 Medical and Scientific Advisory Board Member Agreement dated as of October 24, 2005, between the Company and Dr. Salvador Vargas.*
- 10.17 Medical and Scientific Advisory Board Member Agreement dated as of December 2, 2005 between the Company and Dr. Igor Katkov.*
- 10.18 Medical and Scientific Advisory Board Member Agreement dated as of December 2, 2005, between the Company and Dr. Nikita Tregubov.*
- 10.19 Business Advisory Board Agreement dated as of December 5, 2005 between the Company and Fred J. Villella.*
- 10.20 Business Development Advisory Agreement dated as of January 1, 2006 between the Company and Alexander Kulik.*
- 10.21 Termination and Modification of Engagement Letter dated January 4, 2006 between the Company and Westminster Securities Corporation.*
- 10.22 Business Consulting and Services Agreement dated January 20, 2006 between the Company and Julio C. Ferreira dba Sphaera Inte-Par.*
- 10.23 Business Development Advisory Agreement dated as of February 7, 2006 between the Company and Gus Yepes.*
- 10.24 Medical and Scientific Advisory Board Member Agreement dated as of April 5, 2006 between the Company and Dr. Nicholas Kipshidze, M.D.*

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10.25 Treating Physician Agreement dated as of October 24, 2005 between the Company and Dr. Salvador Vargas.*

10.26 Treating Physician Agreement dated as of October 24, 2005 between the Company and Dr. Jorge Quintero.*

10.27 Consulting Agreement dated as of June 9, 2006 between the Company and Rick Langley.**

10.28 Patient Treatment Agreement dated November 1, 2006 between the Company and Shenzhen Beike Biotechnology Company Limited.**

10.29 Consulting Agreement dated as of October 12, 2006 between the Company and SOS Resource Services, Inc.**

10.30 Newbridge Securities Agreement

21. List of Subsidiaries

31.1 Chief Executive Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Chief Financial Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Chief Executive Officer certification pursuant to 18 U.S.C. Section 1350

32.2 Chief Financial Officer certification pursuant to 18 U.S.C. Section 1350

* Previously filed with the Company's initial filing of this Registration Statement on Form 10-SB, file number 000-51931, filed on April 25, 2006, and incorporated by this reference as an exhibit.
**Previously filed with the Company's annual report on Form 10-KSB filed on July 16, 2007, and incorporated by this reference as an exhibit.

(b) Reports on Form 8-K.

None

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 14, 2007

By: /s/Calvin Cao

Name: Calvin Cao
Title: President

Date: August 14, 2007

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By: /s/Daniel Sullivan

Name: Daniel Sullivan

Title: Chief Financial Officer