

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: September 30, 2006

☐ 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
(State or other jurisdiction of
incorporation or organization)

88-0374180
(IRS Employer Identification
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 ☐

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 latest practicable date:

34,495,369 shares of common stock, \$0.001 par value, as of November 14, 2006.

Transitional Small Business Disclosure Format (check one): Yes ☐ No ☒

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 financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America 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 and six month periods ended September 30, 2006 and 2005 are not necessarily indicative of the results that may be expected for the year ending March 31, 2007. This report should be read in conjunction with the financial statements and footnotes thereto included in the Company's Registration Statement filed on amended Form 10-SB filed with the Securities and Exchange Commission on July 31, 2006.

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

Balance Sheets

	<u>September 30, 2006</u> (unaudited)	<u>March 31, 2006</u>
Assets		
Current assets:		
Cash	\$ 14,476	\$ 32,642
Inventory	11,977	-
Prepaid expenses	<u>107,316</u>	<u>77,531</u>
Total current assets	133,769	110,173
 Certificate of deposit, restricted	 3,816	 120,000
Deposits	1,589	1,589
Prepaid expenses, long-term	67,209	1,417
Intangible asset, net	<u>4,458</u>	<u>4,708</u>
 Total assets	 <u>\$ 210,841</u>	 <u>\$ 237,887</u>
 Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 58,981	\$ 28,370
Accrued expenses	75,000	75,000
Accrued payroll	119,729	35,000
Deferred revenue	24,275	-
Stockholder advances	48,742	48,377
Due to related party	<u>225,200</u>	<u>224,972</u>
Total current liabilities	<u>551,927</u>	<u>411,719</u>
 Commitments and contingencies (Note 9)	 -	 -
 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 and 34,495,369 and 33,672,510 issued and outstanding as of September 30, 2006 and March 31, 2006, respectively	 34,496	 33,672
Additional paid-in capital	660,574	324,398
Deficit accumulated during development stage	<u>(1,036,656)</u>	<u>(532,402)</u>
Total stockholders' deficit	<u>(341,086)</u>	<u>(173,832)</u>
 Total liabilities and stockholders' deficit	 <u>\$ 210,841</u>	 <u>\$ 237,887</u>

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

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

Statements of Operations
(unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,		Period from December 2, 2004 (Date of Inception) through September 30,
	2006	2005	2006	2005	2006
Revenue	\$ 120,555	\$ 23,470	\$ 146,260	\$ 23,470	\$ 227,194
Cost of goods sold	194,100	17,100	208,625	17,100	260,725
Gross margin	(73,545)	6,370	(62,365)	6,370	33,531
Operating expenses					
Selling general & administrative	243,595	98,980	444,344	157,798	1,007,697
	243,595	98,980	444,344	157,798	1,007,697
Loss from operations	(317,140)	(92,610)	(506,709)	(151,428)	(1,041,228)
Other (expense) income:					
Interest (expense) income, net	2,641	355	2,455	439	4,572
Net loss before taxes	(314,499)	(92,255)	(504,254)	(150,989)	(1,036,656)
Income tax expense	-	-	-	-	-
Net loss	(314,499)	(92,255)	(504,254)	(150,989)	(1,036,656)
Less dividends on preferred stock	-	-	-	-	(10,000)
Loss attributable to common shareholders	\$ (314,499)	(92,255)	(504,254)	(150,989)	\$ (1,046,656)
Net loss per share, basic & diluted	\$ (.01)	\$ (.00)	\$ (.01)	\$ (.01)	\$ (.04)
Weighted average number of common shares, basic & diluted	34,447,080	21,526,205	34,129,150	19,623,207	27,104,966

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

Stem Cell Therapy International, Inc.
(A Development Stage Enterprise)
Statements of Changes in Stockholders' Deficit
For the period from December 2, 2004 (Date of Inception) through June 30, 2006 (unaudited)

	<u>Common Stock</u>		<u>Preferred Stock</u>		<u>Additional Paid-In Capital</u>	<u>Deficit Accumulated During Development Stage</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Issuance of common stock for cash	13,550,000	\$ 13,550	-	\$ -	\$ -	\$ -	\$ 13,550
Exercise of stock options for services	500,000	500	-	-	-	-	500
Issuance of common stock and options for acquisition deposit	5,000,000	5,000	-	-	2,749	-	7,749
Stock options issued for services	-	-	-	-	906	-	906
Issuance of common stock for services	2,170,000	2,170	-	-	-	-	2,170
Net loss for the period	-	-	-	-	-	(26,241)	(26,241)
Balance, March 31, 2005	21,220,000	21,220	-	-	3,655	(26,241)	(1,366)
Cancellation of common stock issued and options awarded for services	(5,600,000)	(5,600)	-	-	(2,749)	-	(8,349)
Issuance of common stock for services	3,741,832	3,741	-	-	299,898	-	303,639
Issuance of common stock for intangible asset	5,000,000	5,000	-	-	-	-	5,000
Reverse acquisition, September 1, 2005	6,310,678	6,311	-	-	(906)	-	5,405
Issuance of common stock for a reduction in stockholder advances	3,000,000	3,000	-	-	-	-	3,000
Issuance of preferred stock for cash	-	-	500,000	500	34,500	-	35,000
Dividend on preferred stock	-	-	-	-	(10,000)	-	(10,000)
Net loss for the year ended March 31, 2006	-	-	-	-	-	(506,161)	(506,161)
Balance, March 31, 2006	33,672,510	33,672	500,000	500	324,398	(532,402)	(173,832)
Issuance of common stock for services (unaudited)	822,859	824	-	-	336,176	-	337,000
Net loss for the six months ended September 30, 2006 (unaudited)	-	-	-	-	-	(504,254)	(504,254)
Balance, September 30, 2006 (unaudited)	34,495,369	34,496	500,000	500	660,574	(\$1,036,656)	(\$341,086)

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

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

	Six Months Ended September 30, 2006 (unaudited)	Six Months Ended September 30, 2005 (unaudited)	December 2, 2004 (Date of Inception) Through September 30, 2006 (unaudited)
Operating activities			
Net loss	\$ (504,254)	\$ (150,989)	\$ (1,036,656)
Adjustments to reconcile net loss to net cash used by operating activities:			
Stock based compensation	240,823	17,947	478,095
Investment income reinvested	(2,840)	-	(2,840)
Amortization	250	42	542
(Increase) decrease in:			
Inventory	(11,977)	-	(11,977)
Prepaid expenses	600	-	(3,600)
Deposits		12,749	(1,589)
Increase in:			
Accounts payable	30,611	38,885	58,981
Accrued payroll	84,729	-	119,729
Accrued expenses	-	45,000	75,000
Deferred revenue	24,275	-	24,275
Net cash used by operating activities	<u>(137,783)</u>	<u>(36,366)</u>	<u>(300,040)</u>
Investing activities			
(Investment in)/Proceeds from certificate of deposit, restricted	<u>119,024</u>	<u>-</u>	<u>(976)</u>
Net cash provided (used) by investing activities	<u>119,024</u>	<u>-</u>	<u>(976)</u>
Financing activities			
Proceeds from advances from stockholder	365	26,877	52,517
Payments to stockholder	-	-	(775)
Advances from related party	228	161,152	225,200
Proceeds from sale of stock	<u>-</u>	<u>(8,349)</u>	<u>38,550</u>
Net cash provided by financing activities	<u>593</u>	<u>179,680</u>	<u>315,492</u>
Net (decrease) increase in cash	(18,166)	143,314	14,476
Cash at beginning of period	<u>32,642</u>	<u>7,310</u>	<u>-</u>
Cash at of end of period	<u>\$ 14,476</u>	<u>\$ 150,624</u>	<u>\$ 14,476</u>
Supplemental disclosure of cash flow information and non-cash financing activities:			
Cash paid for interest	<u>\$ 300</u>	<u>\$</u>	<u>\$ 679</u>
Common stock issued for a reduction in advance from stockholder	<u>\$</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>
Common stock issued for purchase of intangible assets	<u>\$</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>

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

Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Financial Statements
For the Three and Six Months Ended September 30, 2006 and 2005 (unaudited)
and for the period from December 2, 2004 (Date of Inception)
through September 30, 2006 (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 incorporated in the state of Nevada on December 2, 2004. The corporate headquarters is located in Tampa, Florida.

The Company is engaged in the licensing of stem cell technology, the sale of stem cell products, and information, education, and referral services relating to potential stem cell therapy patients. The Company purchases 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 two highly specialized, professional medical treatment facilities 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 and educate and consult with physicians and patients in the clinical aspects of stem cell transplantation.

Effective September 1, 2005, Stem Cell Florida entered into a Reorganization and Stock Purchase Agreement (the Agreement) with the Company, which was then named Altadyne, Inc., a company quoted on the Pink Sheets and which has no ongoing operations. Under the terms of the agreement, the Company (then Altadyne, Inc.) acquired Stem Cell Florida and changed its name to Stem Cell Therapy International, Inc.

Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Financial Statements
For the Three and Six Months Ended September 30, 2006 and 2005 (unaudited)
and for the period from December 2, 2004 (Date of Inception)
through September 30, 2006 (unaudited)

1. Background Information and Basis of Presentation (continued)

Basis of presentation:

In the opinion of management, the accompanying financial statements include all adjustments, consisting only of normal recurring items, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America. The results of operations for the six months ended September 30, 2006 are not necessarily indicative of the results for a full year.

The financial statements for the period ended September 30, 2006 and notes thereto should be read in conjunction with the financial statements and notes thereto for the year ended March 31, 2006 as filed in the Form 10-SB, as amended, filed with the Securities and Exchange Commission on July 31, 2006, and as amended on November 13, 2006.

2. Liquidity and Management's Plans

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. For the six months ended September 30, 2006 and the period since December 2, 2004 (date of inception) through September 30, 2006, the Company has had a net loss of \$504,254 and \$1,036,656, respectively and cash used by operations of \$137,783 and \$300,040, respectively, and negative working capital of \$418,158 at September 30, 2006. As of September 30, 2006, 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 increase operations and to achieve a level of profitability. Since inception, the Company has financed its activities principally from the sale of equity securities 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 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

Use of estimates:

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.

Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Financial Statements
For the Three and Six Months Ended September 30, 2006 and 2005 (unaudited)
and for the period from December 2, 2004 (Date of Inception)
through September 30, 2006 (unaudited)

3. Significant Accounting Policies (continued)

Concentration of credit risk:

Cash balances are maintained with a major financial institution in the United States. Deposits with this bank may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and, therefore, bear minimal risk.

Intangible asset:

Intangible asset consists of licensing rights. Intangibles are amortized using the straight-line method over a period of 10 years, the term of the licensing rights agreement.

Impairment of long-lived assets:

The Company evaluates the recoverability of its long-lived assets or asset groups whenever adverse events or changes in business climate indicate that the expected undiscounted future cash flows from the related assets may be less than previously anticipated. If the net book value of the related assets exceeds the undiscounted future cash flows of the assets, the carrying amount would be reduced to the present value of their expected future cash flows and an impairment loss would be recognized. There has been no impairment losses in the periods presented.

Revenue recognition:

Revenue is derived from the licensing of stem cell technology, the sale of stem cell products, and providing informational and referral services. Revenue related to these licenses, sales and services is recognized upon delivering the license or product, or rendering the services, respectively. 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.

Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Financial Statements
For the Three and Six Months Ended September 30, 2006 and 2005 (unaudited)
and for the period from December 2, 2004 (Date of Inception)
through September 30, 2006 (unaudited)

3. Significant Accounting Policies (continued)

Income taxes:

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective income tax bases. 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 tax rates is recognized as income in the period that included the enactment date.

Loss per common share:

Basic and diluted earnings per share are computed based on the weighted average number of common stock outstanding during the period. Common stock equivalents are not considered in the calculation of diluted earnings per share for the periods presented because their effect would be anti-dilutive.

Stock-based compensation:

In April 2006, the Company adopted the provisions of Statement of Financial Accounting Standards No. 123R – Share-based Payments (“FAS 123R”) replacing Accounting for Stock-Based Compensation (“FAS 123”), which are similar and require the use of the fair-value based method to determine compensation for all arrangements under which employees and others receive shares of stock or equity instruments (warrants and options). The adoption of this standard had no significant impact on the Company’s results of operations during the six months ended September 30, 2006.

Reclassifications:

Certain reclassifications have been made to the March 31, 2006 balance sheet to conform with the September 30, 2006 presentation. Such reclassifications had no impact on net income as previously reported.

Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Financial Statements
For the Three and Six Months Ended September 30, 2006 and 2005 (unaudited)
and for the period from December 2, 2004 (Date of Inception)
through September 30, 2006 (unaudited)

3. Significant Accounting Policies (continued)

Recently issued accounting pronouncements:

In February 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard No. 155 (“SFAS 155”), *Accounting for Certain Hybrid Financial Instruments – An Amendment of FASB Statements No. 133 and 140*, to simplify and make more consistent the accounting for certain financial instruments. Specifically, SFAS No. 155 amends SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, to permit fair value re-measurement for any hybrid financial instrument with an embedded derivative that otherwise would require bifurcation provided that the whole instrument is accounted for on a fair value basis. Prior to fair value measurement, however, interests in securitized financial assets must be evaluated to identify interests containing embedded derivatives requiring bifurcation. The amendments to SFAS No. 133 also clarify that interest-only and principal-only strips are not subject to the requirements of the SFAS, and that concentrations of credit risk in the form of subordination are not embedded derivatives. Finally, SFAS No. 155 amends SFAS No. 140, *Accounting for the Impairment or Disposal for Long-Lived Assets*, to allow a qualifying special-purpose entity (SPE) to hold a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 applies to all financial instruments acquired or issued after the beginning of an entity’s first fiscal year that begins after September 15, 2006, with earlier application allowed. The Company does not anticipate that the adoption of this statement to have a material impact on its financial statements.

In September 2005, the FASB issued FASB Statement No. 157. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP) and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is a relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practices. This Statement is effective for financial statements for fiscal years beginning after November 15, 2007. Earlier application is permitted provided that the reporting entity has not yet issued financial statements for that fiscal year. Management believes this Statement will have no material impact on the financial statements of the Company once adopted.

In May 2005, the FASB issued Statement of Financial Accounting Standards No. 154, *Accounting Changes and Error Corrections*. (“SFAS 154”) SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principle. In addition, it carries forward without change the guidance contained in APB Opinion No. 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. SFAS No. 154 requires retrospective application to prior

Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Financial Statements
For the Three and Six Months Ended September 30, 2006 and 2005 (unaudited)
and for the period from December 2, 2004 (Date of Inception)
through September 30, 2006 (unaudited)

3. Significant Accounting Policies (continued)

Recently issued accounting pronouncements (continued):

periods' financial statements of changes in accounting principle in most circumstances. The provisions of SFAS No. 154 are effective in fiscal years beginning after December 15, 2005. The Company plans to prospectively adopt SFAS No. 154 at the beginning of the 2007 fiscal year.

The FASB has recently announced a new interpretation, FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), which will be effective for fiscal years beginning after December 15, 2006. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company has not determined the impact of the adoption of FIN 48 on its financial statements.

4. 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 statements of operations of the Company.

Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Financial Statements
For the Three and Six Months Ended September 30, 2006 and 2005 (unaudited)
and for the period from December 2, 2004 (Date of Inception)
through September 30, 2006 (unaudited)

5. Intangible Asset

Intangible asset consists of the following:

	September 30, 2006 (unaudited)	March 31, 2006
Licensing rights	\$ 5,000	\$ 5,000
Less: accumulated amortization	(542)	(292)
	<u>\$ 4,458</u>	<u>\$ 4,708</u>

Expected future amortization of the intangible asset is as follows:

<u>Year ending September 30,</u>	
2007	\$ 500
2008	500
2009	500
2010	500
2011	500
Thereafter	<u>1,958</u>
	<u>\$ 4,458</u>

6. Related Party Transactions

Stockholder advances consist of advances from an officer and stockholder of the Company to assist the Company in meeting its financial obligations. These advances are non-interest bearing, unsecured and due on demand.

Due to related party represents a demand note payable to a consulting company owned by a significant stockholder. The note is non-interest bearing and unsecured.

Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Financial Statements
For the Three and Six Months Ended September 30, 2006 and 2005 (unaudited)
and for the period from December 2, 2004 (Date of Inception)
through September 30, 2006 (unaudited)

7. Stockholder's Equity

Capitalization:

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 September 30, 2006, the Company had 500,000 shares of convertible preferred stock issued and outstanding. Upon issuance of the preferred stock, 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 the calculated fair value and the book value of the preferred stock, which was \$10,000 and was recorded as a dividend, as the preferred stock can be converted at any time after the issue date.

Stock options:

The following table summarizes the activity related to all Company stock options for the six months ended September 30, 2006 and 2005 and the period from December 2, 2004 (Date of Inception) through September 30, 2006:

Average	Stock Options	Weighted	
		Exercise Price per Share <u>Options</u>	Exercise Price per Share <u>Options</u>
Outstanding at December 2, 2004	-	\$ -	\$ -
Granted	6,000,000	\$ 0.001-0.75	\$ 0.18
Exercised	<u>(500,000)</u>	\$ 0.001	\$ 0.001
Outstanding at March 31, 2005	5,500,000	\$ 0.003-0.75	\$ 0.196
Canceled or expired	<u>(5,500,000)</u>	\$ 0.003-0.75	\$ 0.196
Outstanding at September 30, 2006	<u>-</u>		

Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Financial Statements
For the Three and Six Months Ended September 30, 2006 and 2005 (unaudited)
and for the period from December 2, 2004 (Date of Inception)
through September 30, 2006 (unaudited)

8. Income Taxes

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

	<u>Six Months Ended September 30,</u>		<u>Period from</u>
	<u>2006</u>	<u>2005</u>	<u>December 2, 2004</u>
			<u>through</u>
			<u>September 30, 2006</u>
Income tax provision at statutory rate	(\$ 171,446)	(\$ 51,336)	(\$ 309,483)
Increase (decrease) in income tax due to:			
Nondeductible expenses	653		
State income taxes, net	(18,304)	(5,481)	(32,979)
Change in valuation allowance	189,097	56,817	342,462
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>September 30,</u>	<u>March 31,</u>	
	<u>2006</u>	<u>2006</u>	
Deferred tax assets:			
Accrued payroll	\$ 45,100	\$ 13,200	
Net operating loss carryforward	344,300	187,100	
	389,400	200,300	
Less: Valuation allowance	(389,400)	(200,300)	
	<u>\$ -</u>	<u>\$ -</u>	

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

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 \$900,000 at September 30, 2006. The loss carry forwards expire beginning in 2025. Due to the Company's continued losses, management has established a valuation allowance equal to the amount of deferred tax assets due to it being more likely than not that the Company will not realize this benefit.

Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Financial Statements
For the Three and Six Months Ended September 30, 2006 and 2005 (unaudited)
and for the period from December 2, 2004 (Date of Inception)
through September 30, 2006 (unaudited)

9. Commitments and Contingencies

Letter of credit:

The Company had a standing letter of credit with a financial institution for \$120,000 which was available to be drawn against accounts maintained by the Company with the financial institution. This letter of credit served as a guarantee of payment for a third party vendor. This standing letter of credit was collateralized by a \$120,000 certificate of deposit against which this third party had drawn \$116,320 as of September 30, 2006.

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 4,239,000 shares of the Company's common stock valued at \$382,409 on the date of the performance commitment. As of September 30, 2006, the Company had issued these shares of common stock and has included \$160,544 in prepaid expenses for services not yet performed pursuant to the agreements.

The Company has entered into several consulting agreements with doctors to provide consulting and advisory services to the Company. The agreements provide for six months to one year service terms. In exchange for these services, the Company issued a total of 110,000 shares of common stock valued at \$114,230 on the date of the performance commitment. As of September 30, 2006, the Company had issued these shares of common stocks and included \$10,381 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 had agreed to 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 September 30, 2006, 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. The Agreement with Westminster was mutually terminated effective January 4, 2006.

Stem Cell Therapy International, Inc.
(a development stage enterprise)
Notes to Financial Statements
For the Three and Six Months Ended September 30, 2006 and 2005 (unaudited)
and for the period from December 2, 2004 (Date of Inception)
through September 30, 2006 (unaudited)

9. Commitments and Contingencies (continued)

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"). The agreement grants the Company an exclusive 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 for a three year period. 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 shall entitle ICT 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 has 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 agrees to replenish the Letter of Credit to the extent of any such draws. As of September 30, 2006, the Company did not meet the minimum purchase requirement and ICT has drawn on the letter of credit for \$116,000.

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 and is included as intangible assets in the accompanying balance sheet.

10. Subsequent Event

Subsequent to September 30, 2006, the Company entered into a consulting agreement 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.

ITEM 2. MANAGEMENT'S DISCUSSION OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE 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."

The following management discussion should be read together with the Stem Cell Therapy International, Inc. financial statements included in this Form 10QSB. See "Index to Financial Statements". Those financial statements have been prepared in accordance with generally accepted accounting principles of the United States of America.

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, Stem Cell Therapy International Corp., a Nevada corporation (“Stem Cell Florida”) acquired the Company by way of a reverse acquisition. Following the transaction, Stem Cell Florida was 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 is: Calvin C. Cao, Chairman and Chief Executive Officer, Daniel J. Sullivan, Chief Financial Officer, and Peter K. Sidorenko, Chief Operating Officer. The Company’s affiliate in the Ukraine also has the following non-executive officers: Dr. Yuriv Gladkikh, Chief Scientist; Dr. Galina Lobyntseva, Chief of Manufacture; Sergei Martynenko, Director of Clinic in Kiev; Dr. Vladimir Gladkikh, Medical Director; and Dr. Dimitriy Lobyntsev, Director of Research. Although these individuals are not employees of the Company, we consider them vital to the success of our business.

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 and as at September 30, 2006, we had a working capital deficit of \$418,158 and an accumulated deficit from operations of \$1,036,656. As noted in the financial statements for the period from inception to September 30, 2006, 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. 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:

Revenue recognition:

We derive revenue from the licensing of stem cell technology, the sale of stem cell products, and providing informational and referral services. We recognize revenue related to these licenses, sales and services upon delivering the license or product, or rendering the services, respectively. 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.

Stock-based compensation:

In April 2006, we adopted the accounting provisions of Statement of Financial Accounting Standards No. 123R – Share-based Payments (FAS 123R) replacing Accounting for Stock-Based Compensation (“FAS 123”), which are similar and require the use of the fair-value based method to determine compensation for all arrangements under which employees and others receive shares of stock or equity instruments (warrants and options).

Recently issued accounting pronouncements

In February 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard No. 155 (“SFAS 155”), *Accounting for Certain Hybrid Financial Instruments – An Amendment of FASB Statements No. 133 and 140*, to simplify and make more consistent the accounting for certain financial instruments. Specifically, SFAS No. 155 amends SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, to permit fair value re-measurement for any hybrid financial instrument with an embedded derivative that otherwise would require bifurcation provided that the whole instrument is accounted for on a fair value basis. Prior to fair value measurement, however, interests in securitized financial assets must be evaluated to identify interests containing embedded derivatives requiring bifurcation. The amendments to SFAS No. 133 also clarify that interest-only and principal-only strips are not subject to the requirements of the SFAS, and that concentrations of credit risk in the form of subordination are not embedded derivatives. Finally, SFAS No. 155 amends SFAS No. 140, *Accounting for the Impairment or Disposal for Long-Lived Assets*, to allow a qualifying special-purpose entity (SPE) to hold a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 applies to all financial instruments acquired or issued after the beginning of an entity’s first fiscal year that begins after September 15, 2006, with earlier application allowed. The Company does not anticipate that the adoption of this statement to have a material impact on its financial statements.

In September 2006, the FASB issued FASB Statement No. 157. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP) and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is a relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practices. This Statement is effective for financial statements for fiscal years beginning after November 15, 2007. Earlier application is permitted provided that the reporting entity has not yet issued financial statements for that fiscal year. Management believes this Statement will have no material impact on the financial statements of the Company once adopted.

In May 2005, the FASB issued Statement of Financial Accounting Standards No. 154, *Accounting Changes and Error Corrections*. (“SFAS 154”) SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principle. In addition, it carries forward without change the guidance contained in APB Opinion No. 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. SFAS No. 154 requires retrospective application to prior periods’ financial statements of changes in accounting principle in most circumstances. The provisions of SFAS No. 154 are effective in fiscal years beginning after December 15, 2005. The Company plans to prospectively adopt SFAS No. 154 at the beginning of the 2007 fiscal year.

The FASB issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (FIN 48), which will be effective for fiscal years beginning after December 15, 2006. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with FASB Statement No 109, “Accounting for Income Taxes”. FIN 48 prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company has not determined the impact of the adoption of FIN 48 on its financial statements.

Results of Operations

As of September 30, 2006 and for the six months ended September 30, 2006 and 2005

We had revenue of \$146,260 during the six months ended September 30, 2006 as compared to \$23,470 of revenue for the comparable period in 2005. Our cost from ICT for the stem cell biological material delivered during the six months ended September 30, 2006 was \$208,625 as compared to \$17,100 for the same period ended 2005. The increase in cost of goods sold is due to the increased number of treatments and a \$116,000 charge for an additional payment made to ICT for not meeting the contractual minimum purchase requirement. Our net loss for the six month period ended September 30, 2006 was \$504,254 as compared to \$150,989 during the same period in 2005. The loss primarily reflects increases in payroll, professional fees and the additional payment to ICT for not meeting the minimum purchase requirement.

Revenues during 2006 reflected the treatment of six patients' and only one patient was treated during the same period ended 2005.

Gross margin for the six months ended September 30, 2006 was a negative \$62,365 as compared to a positive \$6,370 for the six months ended September 30, 2005. The decreased gross margin is primarily due to the \$116,000 charge for an additional payment made to ICT for not meeting the contractual minimum purchase requirement. We anticipate positive gross margins on future patient services and delivery of our stem cell biological products.

As of September 30, 2006 and for the three months ended September 30, 2006 and 2005

We had revenues of \$120,555 during the three months ended September 30, 2006 as compared to \$23,470 of revenue for the comparable period in 2005. Our cost from ICT for the stem cell biological material delivered during the three months ended September 30, 2006 was \$194,100 as compared to \$17,100 for the same period ended 2005. Our net loss for the three month period ended September 30, 2006 was \$314,499, compared to \$92,255 during the same period in 2005. The loss primarily reflects increases in payroll, professional fees and the additional payment to ICT for not meeting the minimum purchase requirement.

Gross margins for the three months ended September 30, 2006 was a negative \$73,545 as compared to a positive \$6,370 for three months ended September 30, 2005. The decreased gross margin is primarily due to the \$116,000 charge for an additional payment made to ICT for not meeting the contractual minimum purchase requirement.

Liquidity and Capital Resources

The Company's financial statements have been prepared assuming that the Company will continue as a going concern. For the six months ended September 30, 2006 and the period since December 2, 2004 (Date of Inception) through September 30, 2006, the Company has had a net loss of \$504,254 and \$1,036,656, respectively and cash used by operations of \$137,783 and \$300,040, respectively, and negative working capital of \$418,158 at September 30, 2006. As of September 30, 2006, 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 our ability to increase operations and to achieve a level of profitability. Since inception, we have financed our activities principally from shareholder advances and some relatively minor sales of equity securities. We intend on financing our future development activities and our working capital needs largely from the sale of equity securities and loans from the Company's Chief Executive Officer, until such time that funds provided by operations are sufficient to fund working capital requirements.

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 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.

ITEM 3. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our Management, including our President who serves as our principal executive officer and our Chief Financial Officer who serves as our principal financial officer, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of September 30, 2006. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective such that the material information required to be included in our Securities and Exchange Commission (“SEC”) reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to Stem Cell Therapy International, Inc., and was made known to them by others within those entities, particularly during the period when this report was being prepared.

There were no significant changes in the Company’s Internal Controls or in other factors that have materially affected, or are reasonably likely to affect, Internal Controls over financial reporting during the most recent fiscal quarter.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable

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

Effective June 9, 2006 the Company issued 150,000 shares of common stock to Global Business Partners Holdings, Inc. and 150,000 shares to Cutler Law Group in connection with consulting services 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.

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.*

- 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.*
- 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.*
- 10.25 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.
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 Form 10-SB, file number 000-51931, filed on April 25, 2006, and incorporated by this reference as an exhibit to this Form 10-QSB.

(b) Reports on Form 8-K.

Form 8-K filed on August 4, 2006 reporting that effective July 19, 2006, the Company terminated its prior accounting firm Pender Newkirk and Company LLP, as its accounting firm and engaged .Aidman, Piser & Company, P.A. , Certified Public Accountants, Tampa, FL, as its new auditors.

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: November 14, 2006

By: /s/ Calvin Cao

Name: Calvin Cao

Title: President

Date: November 14, 2006

By: /s/ Daniel Sullivan

Name: Daniel Sullivan

Title: Chief Financial Officer and
Chief Accounting Officer

EXHIBIT 31.1

Certification by Calvin Cao, President (Principal Executive Officer) of Stem Cell Therapy International, Inc.

I, Calvin Cao, certify that:

1. I have reviewed this report on Form 10-QSB of Stem Cell Therapy International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures; as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting.
5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 14, 2006

/s/Calvin Cao

Calvin Cao
Chief Executive Officer

EXHIBIT 31.2

Certification by Daniel Sullivan, Chief Financial Officer (Principal Financial Officer) of Stem Cell Therapy International, Inc.

I, Daniel Sullivan, certify that:

1. I have reviewed this report on Form 10-QSB of Stem Cell Therapy International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures; as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting.
5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 14, 2006

/s/Daniel Sullivan

Daniel Sullivan

Chief Financial Officer and Chief Accounting Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Report of Stem Cell Therapy International, Inc. (the "Company") on Form 10-QSB for the quarter ended September 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, Calvin Cao, President (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2006 /s/Calvin Cao

Calvin Cao, Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Report of Stem Cell Therapy International, Inc. (the "Company") on Form 10-QSB for the quarter ended September 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, Daniel Sullivan, Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2006 /s/Daniel Sullivan

Chief Financial Officer and Chief Accounting Officer