

Edgar Filing: Stem Cell Therapy International, Inc. - Form 10QSB

Stem Cell Therapy International, Inc.  
Form 10QSB  
November 20, 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: September 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  
(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 last practicable date:

37,170,389 shares of common stock, \$0.001 par value, as of October 30, 2007.

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

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

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Certificate Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002:  
Chief Executive Officer

Chief Financial Officer and Chief Accounting Officer

Certificate Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

Chief Executive Officer

Chief Financial Officer and Chief Accounting Officer

## 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 and six month periods ended September 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 for the year ended March 31, 2007, as filed with the Securities and Exchange Commission on July 16, 2007.

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

Condensed Consolidated Balance Sheets

	September 30, 2007	March 31, 2007
	(unaudited)	
ASSETS		
Current assets:		
Cash	\$ 55,722	\$27,905
Inventory	--	5,988
Prepaid expenses	132,542	47,317
	188,264	81,210
Total current assets		
Certificate of deposit, restricted	--	3,919
Prepaid expenses and other assets	31,460	53,378
	\$ 219,724	\$ 138,507
Total assets		

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	=====	=====
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 84,031	\$ 62,875
Accrued expenses	295,030	245,557
Deferred revenue	30,000	50,000
Stockholder advances	--	48,753
Due to related party	225,200	225,200
	-----	-----
Total current liabilities	634,261	632,385
	-----	-----
Commitments and contingencies (Note 8)	-	-
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; 37,170,369 and 34,495,369 issued and outstanding as of September 30, 2007 and March 31, 2007, respectively	37,170	34,495
Additional paid-in capital	1,555,390	660,575
Deficit accumulated during development stage	(2,007,597)	(1,189,448)
	-----	-----
Total stockholders' deficit	(414,537)	(493,878)
	-----	-----
 Total liabilities and stockholders' deficit	 \$ 219,724	 \$ 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 SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,		DECEMBER 31, (D)
	----- 2007	----- 2006	----- 2007	----- 2006	----- 2006
Revenue	\$ 82,960	\$ 120,555	\$ 102,960	\$ 146,260	\$ 146,260
Cost of Goods Sold:					
Cost of goods sold	29,000	78,100	39,268	92,625	92,625
Loss on firm purchase commitment	--	116,000	--	116,000	116,000
	-----	-----	-----	-----	-----
Gross margin	53,960	(73,545)	63,692	(62,365)	(62,365)

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Operating expenses:					
Selling, general and administrative	744,869	243,595	880,280	444,344	2,
	-----	-----	-----	-----	-----
Loss from operations	(690,909)	(317,140)	(816,588)	(506,709)	(2,
Interest (income) expense	--	(2,641)	1,561	(2,455)	
	-----	-----	-----	-----	-----
Net loss before taxes	\$ (690,909)	\$ (314,499)	\$ (818,149)	\$ (504,254)	\$ (2,
Income tax expense	--	--	--	--	
	-----	-----	-----	-----	-----
Net loss	(690,909)	(314,499)	(818,149)	(504,254)	(2,
Less: Dividends on preferred stock	--	--	--	--	
	-----	-----	-----	-----	-----
Loss attributable to common shareholders	\$ (690,909)	\$ (314,499)	\$ (818,149)	\$ (504,254)	\$ (2,
	=====	=====	=====	=====	=====
Loss per share, basic and diluted	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$
	=====	=====	=====	=====	=====
Weighted average number of common shares outstanding, basic and diluted	36,806,358	34,447,080	35,730,809	34,129,150	29,
	=====	=====	=====	=====	=====

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 SEPTEMBER 30, 2007 (UNAUDITED)

	COMMON STOCK		PREFERRED STOCK		ADDITIONAL PAID-IN CAPITAL
	SHARES	AMOUNT	SHARES	AMOUNT	
	-----	-----	-----	-----	-----
Issuance of common stock for cash	13,550,000	\$13,550	-	\$ -	\$ -

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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
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)

(Continued)

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	COMMON STOCK		PREFERRED STOCK		ADDITIONAL PAID-IN CAPITAL
	SHARES	AMOUNT	SHARES	AMOUNT	
	-----	-----	-----	-----	-----
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
Issuance of common stock for consulting services	550,000	550	-	-	161,450

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Issuance of warrants for consulting services	-	-	-	-	23,750
Exercise of warrants	125,000	125	-	-	(125)
Issuance of common stock for cash, net of offering costs	2,000,000	2,000	-	-	204,024
Share-based compensation to employees	-	-	-	-	505,716
Net loss for the six months ended September 30, 2007	-	-	-	-	-
Balance, September 30, 2007	37,170,369	\$37,170	500,000	\$500	\$1,555,390

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)

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2006	December 2 (Date of I Through Se 2007
<b>OPERATING ACTIVITIES:</b>			
Net loss	\$ (818,149)	\$ (504,254)	\$ (2,007,59
Adjustments to reconcile net loss to net cash used by operating activities:			
Share-based compensation to non-employees	126,250	240,823	689,0
Share-based compensation to employees	505,716	-	505,7
Investment income reinvested	-	(2,840)	(2,9
Amortization	-	250	6
Write off of intangible asset	-	-	4,3
(Increase) decrease in:			
Inventory	5,988	(11,977)	
Prepaid expenses	(3,808)	600	(16,1
Deposits	-	-	(2,1
Increase (decrease) in:			
Accounts payable	21,156	30,611	84,0
Accrued payroll	49,474	84,729	220,0
Accrued expenses	-	-	75,0
Deferred revenue	(20,000)	24,275	30,0
Net cash used by operating activities	(133,373)	(137,783)	(419,9
<b>INVESTING ACTIVITIES:</b>			
Proceeds from certificate of deposit, restricted	3,919	119,024	2,9

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Net cash provided by investing activities	3,919	119,024	2,9
FINANCING ACTIVITIES:			
Proceeds from advances from stockholder	-	365	52,5
Repayment of stockholder advances	(48,753)	-	(49,5
Advances from related party, net	-	228	225,2
Payment of stock offering costs	(43,976)	-	(43,9
Proceeds from sale of stock	250,000	-	288,5
Net cash provided by financing activities	157,271	593	472,7
NET INCREASE (DECREASE) IN CASH	27,817	(18,166)	55,7
CASH AT BEGINNING OF PERIOD	27,905	32,642	
CASH AT OF END OF PERIOD	\$ 55,722	\$ 14,476	\$ 55,7
Cash paid for interest	\$ 1,572	\$ 300	\$ 9
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION AND NON-CASH FINANCING ACTIVITIES:			
Common stock issued for a reduction in advance from shareholder	\$ -	\$ -	\$ 3,0
Common stock issued for purchase of intangible assets	\$ -	\$ -	\$ 5,0

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 and Six Months Ended September 30, 2007 and 2006 (unaudited)  
and the period from December 2, 2004 (Date of Inception)  
through September 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. 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.



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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 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.

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Stem Cell Therapy International, Inc.

(a development stage enterprise)

Notes to Condensed Consolidated Financial Statements

Three and Six Months Ended September 30, 2007 and 2006 (unaudited)

and the period from December 2, 2004 (Date of Inception)

through September 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 six months ended September 30, 2007 are not necessarily indicative of the results for a full year.

The condensed consolidated financial statements for the period ended September 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 been eliminated.

### 2. LIQUIDITY AND MANAGEMENT'S PLANS:

The accompanying condensed consolidated financial statements have been prepared

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assuming that the Company will continue as a going concern. For the six months ended September 30, 2007 and the period since December 2, 2004 (date of inception) through September 30, 2007, the Company has had net losses of \$818,149 and \$2,007,597, respectively and cash used by operations of \$133,373 and \$419,995, respectively, and negative working capital of \$445,997 at September 30, 2007. As of September 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. The Company has adopted FIN 48 effective April 1, 2007 and there is no impact of adoption FIN 48 on our financial statements to date.

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Stem Cell Therapy International, Inc.  
(a development stage enterprise)  
Notes to Condensed Consolidated Financial Statements  
Three and Six Months Ended September 30, 2007 and 2006 (unaudited)  
and the period from December 2, 2004 (Date of Inception)  
through September 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 September 30, 2007, the Company had 500,000 shares of convertible preferred

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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 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 six months ended September 30, 2007, the Company issued 550,000 shares of common stock valued at \$162,000 for consulting services to be provided through December 25, 2007. As of September 30, 2007, the Company has included \$58,500 in prepaid expenses.

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

During the six months ended September 30, 2007, the Company completed its private placement offering of 2,000,000 shares of common stock for total cash proceeds of \$250,000. Offering costs paid in cash amounted to \$43,976 and have been taken as a reduction of proceeds. In addition, offering costs paid through the issuance of 400,000 warrants amounted to approximately \$121,000.

### 5. STOCK OPTIONS AND WARRANTS

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123 (Revised 2004), "Share-Based Payment" (SFAS 123R). SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense in the consolidated financial statements based on their fair values. That expense will be recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period). The Company adopted SFAS 123R effective beginning April 1, 2006.

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

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### 5. STOCK OPTIONS AND WARRANTS (CONTINUED)

During the six months ended September 30, 2007, the Company issued 2,900,000 stock options to employees and 525,000 common stock warrants to consultants. The options and warrants entitle the holders to purchase 3,425,000 shares of the Company's common stock, at any time, at an exercise price of between \$0.001 -- \$0.19 per share and expire in 2017.

The fair value of each option was estimated on the date of grant using the Black Scholes model that uses assumptions noted in the following table. Expected volatility is based on the weekly trading of two similar Company's underlying common stock (as the Company does not have an adequate trading history for an accurate calculation) and other factors.

Expected volatility	102.9%
Expected dividends	0
Expected term	10 years
Risk-free interest rate	4.59%

The value of the options, \$505,716 has been included in stock compensation expense in the accompanying Statement of Operations.

	SHARES	EXERCISE PRICES	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED GRANT D
OUTSTANDING AND EXERCISABLE	-----	-----	-----	-----
-----				
Outstanding at March 31, 2007	--	--	--	
Options granted	2,900,000	\$0.19	\$0.19	
Options exercised	--	--	--	
Options cancelled or expired	--	--	--	
Outstanding at September 30, 2007	2,900,000	\$0.19	\$0.19	
	=====			
Exercisable at September 30, 2007	2,900,000	\$0.19	\$0.19	
	=====			

The following table summarizes information about options outstanding and exercisable as of September 30, 2007:

		OUTSTANDING OPTIONS		EXERCISABLE OPTIONS	
RANGE OF	NUMBER	WEIGHTED AVERAGE REMAINING	WEIGHTED AVERAGE	WEIGHTED AVERAGE	NUMBER
		-----	-----	-----	

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EXERCISE PRICE	OUTSTANDING	LIFE	PRICE	REMAINING LIFE	EXERCISABLE
..19	2,900,000	10 Years	\$ .19	10 Years	2,900,000

The aggregate intrinsic value of options outstanding at September 30, 2007, based on the Company's closing stock price of \$0.19 was \$0. Intrinsic value is the amount by which the fair value of the underlying stock exceeds the exercise price of the options.

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

5. STOCK OPTIONS AND WARRANTS (CONTINUED)

The fair value of each warrant was estimated on the measurement date using the Black Scholes model that uses assumptions noted in the following table. Expected volatility is based on the weekly trading of two similar Company's underlying common stock (as the Company does not have an adequate trading history for an accurate calculation) and other factors.

Expected volatility	102.9%
Expected dividends	0
Expected term	1 to 10 years
Risk-free rate	4.59% - 4.71%

	SHARES	EXERCISE PRICES	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED GRANT D
OUTSTANDING AND EXERCISABLE				
Outstanding at March 31, 2007	-	--	--	
Warrants granted	525,000	\$0.001 - \$0.15	\$0.11	
Warrants exercised	125,000	\$0.001	\$0.001	
Options cancelled or expired	--	--	--	
Outstanding at September 30, 2007	400,000	\$0.15	\$0.15	
Exercisable at September 30, 2007	400,000	\$0.15	\$0.15	

The following table summarizes information about warrants outstanding and exercisable as of September 30, 2007:

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RANGE OF EXERCISE PRICE	OUTSTANDING OPTIONS			EXERCISABLE OPTIONS	
	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING LIFE	WEIGHTED AVERAGE PRICE	WEIGHTED AVERAGE REMAINING LIFE	NUMBER EXERCISABLE
..15	400,000	10 Years	\$ .15	10 Years	400,000

The aggregate intrinsic value of warrants outstanding at September 30, 2007, based on the Company's closing stock price of \$0.19 was \$16,000. Intrinsic value is the amount by which the fair value of the underlying stock exceeds the exercise price of the warrants.

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

6. EARNINGS PER SHARE

Earnings per common share are computed in accordance with SFAS No. 128, "Earnings per Share," which requires companies to present basic earnings per share and diluted earnings per share. Basic earnings per share are computed by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share are computed by dividing net income by the weighted average number of shares of common stock outstanding and dilutive options outstanding during the year. The diluted weighted average number of shares was 35,858,281, 34,129,150 and 29,963,110 for the six months ended September 30, 2007 and 2006 and the period from December 2, 2004 (Date of Inception) through September 30, 2007, respectively.

Common stock equivalents for the six months ended September 30, 2007 and 2006 and the period from December 2, 2004 (Date of Inception) through September 30, 2007 were anti-dilutive due to the net losses sustained by the Company during these periods.

7. INCOME TAXES

The Company adopted the provisions of FIN 48 on April 1, 2007. The implementation of FIN 48 had no effect on Company's financial position or results of operations.

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

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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 \$1,250,000 at September 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 \$753,000.

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

	Six Months Ended		Period from
	September 30,	September 30,	December 2, 2004
	2007	2006	through
			September 30,
			2007
Income tax provision at statutory rate	(\$275,000)	(\$171,500)	(\$679,400)
Increase (decrease) in income tax due to:			
Nondeductible expenses	100	700	800
State income taxes, net	(30,000)	(18,300)	(73,200)
Other	(1,200)	-	(1,200)
Change in valuation allowance	306,100	189,100	753,000
	\$ -	\$ -	\$ -
	=====	=====	=====

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

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Stem Cell Therapy International, Inc.  
(a development stage enterprise)  
Notes to Condensed Consolidated Financial Statements  
Three and Six Months Ended September 30, 2007 and 2006 (unaudited)  
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through September 30, 2007 (unaudited)

7. INCOME TAXES (CONTINUED)

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	September 30, 2007	March 31, 2007
	-----	-----
Deferred tax (liability) asset:		
Accrued payroll	\$ 82,000	\$ 64,200
Options and warrants	205,000	0
Net operating loss carryforward	466,000	382,700
	-----	-----
	753,000	446,900
Valuation allowance	(753,000)	(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.

### 8. 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 September 30, 2007, the Company had issued these shares of common stock and has included \$125,708 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 September 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 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



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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 September 30,

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Stem Cell Therapy International, Inc.  
(a development stage enterprise)  
Notes to Condensed Consolidated Financial Statements  
Three and Six Months Ended September 30, 2007 and 2006 (unaudited)  
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through September 30, 2007 (unaudited)

### 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

2007. However, ICT was unable to provide the product as requested and the Company was required to purchase the 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 a three year agreement with a consultant to locate financing. 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 September 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 statement is deemed effective, up to a maximum of eight such thirty-day periods. During the six months ended September 30, 2007, Newbridge assisted the Company in raising \$250,000 of proceeds from a private placement offering. The Company incurred \$43,976 of offering costs, which have been netted against the proceeds and is included in the Condensed Consolidated Statement of Changes in Stockholders' Deficit.

#### Consulting Agreement:

Effective September 12, 2007, the Company entered into a consulting agreement

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with Newbridge for business and financial related advice and services through September 11, 2008. As compensation for these services, the Company has agreed to pay \$4,000 per month and issue a total of 500,000 warrants. At September 30, 2007, 125,000 of the warrants valued as \$23,750 have been issued, with the remaining 375,000 warrants to be issued in 125,000 increments at the end of each 90 day period beginning January 2008 until the contract expires. In the event Newbridge assists with an offering or sale of the Company's securities, Newbridge will be entitled to receive a financing fee to be determined at the time of such financing. Also, should any transactions be consummated by the Company, in which Newbridge introduced the other party, during the six months following termination of the agreement, Newbridge will be entitled to receive a transaction fee based on the aggregate consideration received, computed as follows: 5% for the first million dollars; 4% for the second million dollars; 3% for the third million dollars; 2% for the fourth million dollars and 1% of the balance of the value of the transaction.

### Employment Agreements

In September 2007, the Company entered into employment agreements with the Company's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. Under the employment agreement for the Chief

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Three and Six Months Ended September 30, 2007 and 2006 (unaudited)  
and the period from December 2, 2004 (Date of Inception)  
through September 30, 2007 (unaudited)

### 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Executive Officer, the employment term is five years and with an annual base salary of \$150,000, with minimum annual increases of \$10,000. The Chief Financial Officer and Chief Operating Officer each have employment agreements for a term of two years, with an annual base salary of \$60,000. Additional performance-based bonuses are provided for, and the employees were granted options to purchase 2,900,000 shares of Company stock. Benefits under the agreement are accelerated on a change of control, and the employee is subject to certain non-competition covenants.

### 9. SUBSEQUENT EVENT

During October 2007, the Company entered into an agreement with an attorney to compensate for services provided from September 2007 through May 2008 in exchange for a 2,000,000 common stock warrant with an exercise price of \$.001 and a 10 contractual year term. On September 30, 2007, the warrant was valued at \$379,163 using the Black Scholes pricing model and will be recognized over the service period of nine months. As of September 30, 2007, the Company has accrued \$42,179 as accounts payable for the value of services received through the period end.

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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

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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 members are: Calvin C. Cao, Chairman and Chief Executive Officer, Andrew J. Norstrud, 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 and at September 30, 2007, we had a working capital deficit of \$445,997 and an accumulated deficit from operations of \$2,007,597. As noted in the Report of the Independent Registered Certified

Public Accountants 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 advances or loans from management. We must raise cash to implement our project and stay in business.

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### 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.

Revenue transactions are derived from providing informational and referral services; we have no plans to enter into any other revenue transaction in the near future. 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 September 30, 2007 and for the six months ended September 30, 2007 and 2006

We had revenue of \$102,960 during the six months ended September 30, 2007 as compared to \$146,260 of revenue for the comparable period in 2006. Revenues during 2007 reflected the treatment of four patients whereas there were six patients treated during the same period ended 2006.

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Our cost of goods sold for the stem cell biological material delivered during the six months ended September 30, 2007 was \$39,268 as compared to \$92,625 for the same period ended 2006. The decrease in cost of goods sold is due to the decrease in the number of patients in 2007 compared to the same period in 2006 and the Company has begun purchasing the stem cell biological solution from less expensive vendors located in Mexico and China.

Gross margins for the six months ended September 30, 2007 was 62% compared to a negative gross profit margin of (43%) for the six months ended September 30, 2006. The increase in gross margin is due to the Company purchasing the stem cell biological materials from less expensive vendors located in Mexico and China. The increased gross margin is also due to the \$116,000 charge for an additional payment made to ICT for not meeting the contractual minimum purchase requirement during the six months ended September 30, 2006, there is no such charge during the six months ended September 30, 2007.

Selling, general and administrative expenses increased \$435,936 to \$880,280

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for the six months ended September 30, 2007 as compared to \$444,344 for the six months ended September 30, 2006. The increase in selling, general and administrative expenses for the six months ended September 30, 2007 is primarily due to an approximate \$506,000 increase in share based compensation for options awarded to executives.

Our net loss for the six months ended September 30, 2007 was \$818,149 as compared to \$504,254 during the same period in 2006. The loss primarily reflects an increase in share based compensation.

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

We had revenue of \$82,960 during the three months ended September 30, 2007 as compared to \$120,555 of revenue for the comparable period in 2006. Revenues during 2007 reflected the treatment of three patients whereas there were four 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 September 30, 2007 was \$29,000 as compared to \$78,100 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 and the Company has begun purchasing the stem cell biological solution from less expensive vendors located in Mexico and China.

Gross margins for the three months ended September 30, 2007 was 65% compared to a negative gross profit margin of (61%) for the three months ended September 30, 2006. The increase in gross margin is due to the Company purchasing the stem cell biological materials from less expensive vendors. Also, the increased gross margin is due to the \$116,000 charge for an additional payment made to ICT for not meeting the contractual minimum purchase requirement during the three months ended September 30, 2006, there is no such charge during the three months ended September 30, 2007.

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Selling, general and administrative expenses increased \$501,274 to \$744,869 for the three months ended September 30, 2007 as compared to \$243,595 for the three months ended September 30, 2006. The increase in selling, general and administrative expenses for the three months ended September 30, 2007 is primarily due to an approximate \$506,000 increase in share based compensation.

Our net loss for the three months ended September 30, 2007 was \$690,909 as compared to \$314,499 during the same period in 2006. The loss primarily reflects increase in share based compensation to executive officers.

### 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, 2007 and the period since December 2, 2004 (date of inception) through September the Company has had a net loss of \$818,149 and \$2,007,597, respectively and cash used by operations of \$133,373 and \$419,995, respectively, and negative working capital of \$445,997 at September 30, 2007.

As of September 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

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below). 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.

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. As of September 30, 2007, the Company has received \$206,024 of proceeds, which represents \$250,000 gross proceeds less \$43,976 of offering costs.

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 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

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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 September 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.

During the six months ended September 30, 2007, the Company issued 2,000,000 shares of common stock to accredited investors in connection with a private placement offering in exchange for \$250,000, this amount includes \$43,976 of offering costs. These shares were issued under Regulation D.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

### ITEM 5. OTHER INFORMATION

In September 2007, the Company entered into employment agreements with the Company's Chief Executive Officer, Chief Financial Officer and Chief Operating

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Officer. Under the employment agreement for the Chief Executive Officer, the employment term is five years and with an annual base salary of \$150,000, with minimum annual increases of \$10,000. The Chief Financial Officer and Chief Operating Officer each have employment agreements for a term of two years, with an annual base salary of \$60,000. Additional performance-based bonuses are provided for, and the employees were granted options to purchase 2,900,000 shares of Company stock. Benefits under the agreement are accelerated on a change of control, and the employee is subject to certain non-competition covenants.

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:

10.31 Business Advisory Agreement with Newbridge Securities Corporation  
10.32 Employment Agreement - Calvin Cao

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10.33 Employment Agreement - Lixian Jiang  
10.34 Employment Agreement - Andrew J. Norstrud

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

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(b) Reports on Form 8-K.  
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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: November 19, 2007

By: /s/Calvin Cao  
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Name: Calvin Cao

Title: President

Date: November 19, 2007

By: /s/Andrew J. Norstrud  
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Name: Andrew J. Norstrud



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Title: Chief Financial Officer