

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

Stem Cell Therapy International, Inc.  
Form 10QSB  
November 14, 2006

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

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

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

(Address of principal executive offices)

(813) 600-4088

(Issuer's telephone number)

Not applicable

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

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

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

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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 [X]

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

    Chief Executive Officer 31

    Chief Financial Officer and Chief Accounting Officer 32

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

    Chief Executive Officer 33

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Chief Financial Officer and Chief Accounting Officer

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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

September 30, 2006      March 31, 2006

-----  
(unaudited)      -----

ASSETS

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Current assets:		
Cash	\$ 14,476	\$ 32,642
Inventory	11,977	-
Prepaid expenses	107,316	77,531
	-----	-----
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	4,458	4,708
	-----	-----
Total assets	\$ 210,841	\$ 237,887
	=====	=====
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	225,200	224,972
	-----	-----
Total current liabilities	551,927	411,719
	-----	-----
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	(1,036,656)	(532,402)
	-----	-----
Total stockholders' deficit	(341,086)	(173,832)
	-----	-----
Total liabilities and stockholders' deficit	\$ 210,841	\$ 237,887
	=====	=====

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

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

Statements of Operations  
(unaudited)

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	Three Months Ended September 30,		Six Months Ended September 30,	
	2006	2005	2006	2005
Revenue	\$ 120,555	\$ 23,470	\$ 146,260	\$ 23,470
Cost of goods sold	194,100	17,100	208,625	17,100
Gross margin	(73,545)	6,370	(62,365)	6,370
Operating expenses				
Selling general & administrative	243,595	98,980	444,344	98,980
	243,595	98,980	444,344	98,980
Loss from operations	(317,140)	(92,610)	(506,709)	(92,610)
Other (expense) income:				
Interest (expense) income, net	2,641	355	2,455	355
Net loss before taxes	(314,499)	(92,255)	(504,254)	(92,255)
Income tax expense	-	-	-	-
Net loss	(314,499)	(92,255)	(504,254)	(92,255)
Less dividends on preferred stock	-	-	-	-
Loss attributable to common shareholders	\$ (314,499)	(92,255)	(504,254)	(92,255)
Net loss per share, basic & diluted	\$ (.01)	\$ (.00)	\$ (.01)	\$ (.00)
Weighted average number of common shares, basic & diluted	34,447,080	21,526,205	34,129,150	19,600,000

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)

Common Stock		Preferred Stock	
Shares	Amount	Shares	Amount

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Issuance of common stock for cash	13,550,000	\$13,550	-	\$ -	\$ -
Exercise of stock options for services	500,000	500	-	-	-
Issuance of common stock and options for acquisition deposit	5,000,000	5,000	-	-	2
Stock options issued for services	-	-	-	-	-
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
Cancellation of common stock issued and options awarded for services	(5,600,000)	(5,600)	-	-	(2)
Issuance of common stock for services	3,741,832	3,741	-	-	299
Issuance of common stock for intangible asset	5,000,000	5,000	-	-	-
Reverse acquisition, September 1, 2005	6,310,678	6,311	-	-	-
Issuance of common stock for a reduction in stockholder advances	3,000,000	3,000	-	-	-
Issuance of preferred stock for cash	-	-	500,000	500	34
Dividend on preferred stock	-	-	-	-	(10)
	-----	-----	-----	-----	-----
Net loss for the year ended March 31, 2006	-	-	-	-	-
	-----	-----	-----	-----	-----
Balance, March 31, 2006	33,672,510	33,672	500,000	500	324
Issuance of common stock for services (unaudited)	822,859	824	-	-	336
Net loss for the six months ended September 30, 2006 (unaudited)	-	-	-	-	-
	-----	-----	-----	-----	-----
Balance, September 30, 2006 (unaudited)	34,495,369	34,496	500,000	500	660
	=====	=====	=====	=====	=====

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	Six Months Ended September 30, 2005
	-----	-----
OPERATING ACTIVITIES		
Net loss	\$ (504,254)	\$ (150,989)
Adjustments to reconcile net loss to net cash used by operating activities:		
Stock based compensation	240,823	17,947
Investment income reinvested	(2,840)	-
Amortization	250	42
(Increase) decrease in:		

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Inventory	(11,977)	-
Prepaid expenses	600	-
Deposits		12,749
Increase in:		
Accounts payable	30,611	38,885
Accrued payroll	84,729	-
Accrued expenses	-	45,000
Deferred revenue	24,275	-
	-----	-----
Net cash used by operating activities	(137,783)	(36,366)
	-----	-----
INVESTING ACTIVITIES		
(Investment in)/Proceeds from certificate of deposit, restricted	119,024	-
	-----	-----
Net cash provided (used) by investing activities	119,024	-
	-----	-----
FINANCING ACTIVITIES		
Proceeds from advances from stockholder	365	26,877
Payments to stockholder	-	-
Advances from related party	228	161,152
Proceeds from sale of stock	-	(8,349)
	-----	-----
Net cash provided by financing activities	593	179,680
	-----	-----
NET (DECREASE) INCREASE IN CASH	(18,166)	143,314
CASH AT BEGINNING OF PERIOD	32,642	7,310
	-----	-----
CASH AT OF END OF PERIOD	\$14,476	\$150,624
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION AND NON-CASH FINANCING ACTIVITIES:		
Cash paid for interest	\$ 300	\$ -
	=====	=====
Common stock issued for a reduction in advance from stockholder	\$ -	\$ 3,000
	=====	=====
Common stock issued for purchase of intangible assets	\$ -	\$ 5,000
	=====	=====

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)

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## 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



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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:

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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.

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### 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

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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

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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)
	-----	-----
	\$ 4,458	\$ 4,708
	=====	=====

Expected future amortization of the intangible asset is as follows:

	Year ending September 30,	
	-----	
2007	\$ 500	
2008	500	
2009	500	
2010	500	
2011	500	
Thereafter	1,958	
	-----	
	\$ 4,458	
	=====	

### 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.

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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:

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

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8. INCOME TAXES

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