Stem Cell Therapy International, Inc.
Form 10KSB/A
July 15, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

Amendment 1
to
FORM 10-KSB

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[x] ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE FISCAL YEAR ENDED MARCH 31, 2008

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE TRANSITION PERIOD FROM _____ TO _____.

COMMISSION FILE NUMBER
0-17232

STEM CELL THERAPY INTERNATIONAL, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

NEVADA	88-0374180
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

2203 N. LOIS AVENUE, 9TH FLOOR, TAMPA, FL
33607
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(813) 600-4088
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities 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. [x] YES [ ] NO

Check if no disclosure of delinquent filers in response to Item 405 of Regulation S-B is contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy of information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB [x]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) [ ] YES [x] NO

State issuer's revenues for its most recent fiscal year $132,960

Aggregate market value of the voting and non-voting common equity of the registrant held by non-affiliates of the registrant at March 31, 2008, was $3,069,028 based upon the closing sale price of $0.075 or the Registrant's common stock, $.001 par value, as reported by the National Association of Securities Dealers OTC Bulletin Board on July 10, 2008.

There were 40,920,369 shares of the Registrant's $.001 par value common stock outstanding as of March 31, 2008.

Transitional Small Business Format (check one) Yes [ ] NO [x]

STEM CELL THERAPY INTERNATIONAL, INC.
FORM 10-KSB - INDEX

STEM CELL THERAPY INTERNATIONAL, INC.

This Annual Report on Form 10-KSB and the documents incorporated herein by

reference contain forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections about Stem Cell Therapy International, Inc.'s industry, management beliefs, and assumptions made by management. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual results and outcomes may differ materially from what is expressed or forecasted in any such forward-looking statements.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

COMPANY HISTORY

Stem Cell Therapy International, Inc. (the "Company") has been engaged in the licensing of stem cell technology, the sale of stem cell products, and the referral of patients to affiliated stem cell clinics through it's wholly-owned subsidiary Stem Cell Therapy International Corp ("Stem Cell Florida"), which the Company acquired in 2005. The complete history of the Company and its operating subsidiary is as follows:

The Company's operating subsidiary is Stem Cell Florida. Stem Cell Florida was incorporated in Nevada on December 2, 2004, with the primary purpose of establishing stem cell transplantation clinics and stem cell marketing. Prior to the reverse acquisition, as discussed below, and since inception, Stem Cell Florida was a development stage company whose activities had been limited to raising capital, organizational matters, and the structuring of its business plan. Stem Cell Florida remains in a developmental stage, as the Company continues to focus primarily on developing its business strategy and financing the Company.

The Company was originally incorporated in Nevada on December 28, 1992 as Arklow Associates, Inc. On March 20, 1997, the Company changed its name to The Ultimate Cigar Company, Inc. On July 22, 1999, the Company changed its name to Ultimate Direct, Inc. On January 11, 2005, the Company changed its name to Altadyne, Inc.

On March 20, 2005, R Capital Partners, Inc., a Nevada Corporation ("R Capital"), acquired the Company (then Altadyne, Inc., a shell company).

On September 1, 2005, R Capital, Stem Cell Florida, and the Company (then Altadyne, Inc.) entered into a Reorganization and Stock Purchase Agreement. At that point, the Company had no assets, liabilities or ongoing operations. Pursuant to the agreement, 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 Altadyne. As consideration for 100% of the shares of Stem Cell Florida, the shareholders of Stem Cell Florida acquired (1) shares newly issued by the Company (then Altadyne, Inc.), and (2) certain shares transferred by R Capital. Of the 22,500,000 shares originally held by R Capital, R Capital retained 4,349,196 shares and transferred 4,000,000 shares to finders unaffiliated with R Capital. R Capital transferred the remaining 14,150,804 shares held by it to the shareholders of Stem Cell Florida and others. In addition, the Company issued 11,030,000 new shares to the shareholders of Stem Cell Florida and others. The recipients of these 25,180,804 shares include the shareholders of Stem Cell Florida, unaffiliated consultants in exchange for services, and members of the President's family in exchange for a reduction in debt owed to the President.

As a result of this transaction, Stem Cell Florida became a wholly owned subsidiary of the Company (then Altadyne, Inc.), and the shareholders of Stem Cell Florida became shareholders of the Company. The Company assumed operation of the business of Stem Cell Florida, which was to establish stem cell therapy clinics and stem cell marketing. On October 5, 2005, the Company changed its name to Stem Cell Therapy International, Inc. to reflect the new business of the Company.

On March 10, 2008, the Company entered into a Reorganization and Stock Purchase Agreement and its amendments (the "Agreement") with Histostem Co., Ltd., a Korean company ("Histostem"). Pursuant to the Agreement (as subsequently amended), the Company will acquire 90% of the issued and outstanding stock of Histostem, and Histostem's shareholders will acquire a controlling interest in the Company. The original definitive agreement called for closing of the acquisition by April 30, 2008. Subsequent to Closing, the Company will be held approximately 60% by Histostem and 40% by the existing shareholders of the Company. Upon completion of the acquisition, the Company will be renamed AmStem International Corp., increase the authorized number of shares to 500,000,000 and seek a new symbol on the over-the-counter bulletin board.

On April 22, 2008, the Company amended the Agreement to state that Histostem shall have received funding at the date of the actual closing at a minimum of 2 million dollars towards the initial round of funding of at least 10 million dollars. Subsequent to that amendment, the actual closing deadline of April 30, 2008 was no longer in effect.

On June 19, 2008, the Company entered into a second Amendment to the Reorganization and Stock Purchase Agreement. In accordance with the terms of this second Amendment, the Company and Histostem issued and delivered shares reflecting the acquisition of Histostem into Escrow by the Company pending resolution of outstanding litigation between Histostem Korea and Histostem, Inc. (a United States corporation unrelated to Histostem) ("Histostem USA"). This essentially effectuates an immediate closing of the Histostem acquisition. In the Amendment the parties also agreed to complete a one for three reverse stock split of the Company's common stock. That reverse stock split will be completed after filing, mailing and completion of a 14C Information Statement to the Company's shareholders and appropriate notice and filings with the NASD.

COMPANY AND BUSINESS OVERVIEW

The Company's executive management team are: David Stark, President, Andrew, J. Norstrud, Chief Financial Officer; and Lixian Jiang, Chief Operating Officer and Patent Trademark Counsel.

We have been indirectly involved, as a "middle man," in research and development and practical application within the field of regenerative medicine. SCTI provides allo (human) stem cell biological solutions that are currently being used in the treatment of patients suffering from degenerative disorders of the human body.

Our mission has been to make available our stem cell products to treatment facilities around the world, so that patients suffering from biological and neurological disorders, previously deemed incurable by traditional medicine, may find a solution to their disabling and crippling conditions within the new field of stem cell transplantation therapy. Our products include solutions containing allo stem cell biological solutions, adult stem cells (stem cells that remain undifferentiated in a mature organism) and stem cells which are extracted from umbilical cord blood.

Members of our U.S. and European Medical and Scientific Advisory Boards review each patient's condition and medical history. They establish an

individual treatment protocol for each patient that includes the appropriate stem cell transplantation therapy, the number of stem cell doses required, special diet and lifestyle recommendations as well as physical therapy and specific exercise and recovery programs. There are no set criteria to determine these questions; the members of each Board use their professional expertise and judgment to determine the treatment protocol on a case by case basis. The Boards consist of independent consultants.

Stem cell transplantation therapy is a field of medicine which uses techniques and technologies that rely on replacing diseased, damaged or dysfunctional cells with healthy, functioning ones. This therapy is similar to the process of organ transplantation where the treatment only consists of the transplantation of allo stem cells into the body rather than entire organs, thus eliminating any chance of rejection, or the need for expensive and potentially dangerous immunosuppression drug therapy (the use of drug therapy to suppress the immune system, in order to prevent the immune system from attacking a transplanted organ). See Mayo Clinic Medical Services, "Stem Cell Transplant," at www.mayoclinic.com/health/stem-cell-transplant/CA00067.

These new techniques are being applied to potentially finding a cure for a wide range of human disorders, including neurological diseases such as Alzheimer's, Parkinson's Disease, ALS (which is also commonly known as Lou Gehrig's disease), 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 and can alleviate the side effects of chemotherapy. See "List of Diseases Potentially Treated by the Company's Technology" below for a more complete discussion.

Since 1981, the study and production of biological preparations from animal and human cells were being carried out within the framework of the scientific programs under the aegis of the National Academy of Sciences, the Medical Academy of Sciences, the Ministry of Public Health and the Coordination Center for Organ, Tissue, and Cells Transplantation within the Ukraine Ministry of Public Health. The applications of biological stem cell preparations have been sanctioned by the Ministry of Public Health of the Ukraine since 1991 (The end of communist control in the Ukraine). See P. Filaroski, "ALS Victim Hunts for Cure in Ukraine Clinic Offers Hope in Stem Cell Treatment," The Florida Union-Times, July 17, 2002.

We also have affiliate treatment facilities in Tijuana, Mexico and Shenzhen, China.

The Company's offices are presently located at 2203 N Lois Ave 9th Floor, Tampa, FL 33607. The Company's website is HTTP://WWW.SCTICORP.COM.

PRINCIPAL PRODUCTS AND SERVICES

We do not directly offer any medical advise, diagnosis or treatment involving Stem Cells, and we do not create stem cells. Instead, we essentially act as a "middle man" between stem cell product suppliers, clinics, and patients.

To date, we have referred patients for treatment to facilities in Kiev, Ukraine, Tijuana, Mexico and Shenzhen, China. All of these clinics are independently owned and operated by the treating physicians at each location. Our involvement is to refer patients for treatment to either facility. We also purchase the stem cell biological solution used for the treatment of the patients from each location. Beyond the referral service and the purchase of the stem cell biological solution, we have no involvement or control on how the clinics are staffed or operated, that function remains with the local treating physicians. These clinics operate independently of our operations, receive

patients from sources in addition to our referrals and are controlled by their principals without management assistance or direction from our operations.

While we may enter into relationships with other facilities in the future, to date we only have utilized the services of the three independent clinics for referrals of our patients. Since September 2006, all referrals of patients have been to treatment facilities located in Mexico and China.

Accordingly, our primary source of revenue has been derived from: (1) providing referral services, including information and education services, to patients, and (2) purchasing stem cell products that they will use on the patients that we refer to them. The amount we charge for these services is comparable to other companies providing this type of referral service. We have negotiated with the treatment facilities we utilize and will negotiate with other future clinics we intend to utilize for the pricing of the biological solution of stem cell materials which we supply to them. The terms and conditions, including any potential volume discounts, are negotiated on an individual basis.

We have established a Medical and Scientific Board of Advisors (the Advisory Board) who act as consultants and whose responsibility is to determine any potential patients' medical condition based on specific medical test results and other information that is provided by the patient's treating physician. These consultants are neurosurgeons, M.D.'s, Ph.D.'s, scientists and research fellows, all of whom are currently working in the field of stem cell treatment and research. The Advisory Board determines the viability of the stem cell transplantation therapy for each potential patient and whether or not the potential patient will benefit from stem cell treatment. If the Advisory Board determines that a patient's condition will not improve upon receiving the stem cell transplantation, then the patient is not accepted for treatment. However, if the Advisory Board determines that the patient may benefit from stem cell transplantation, then management, the Advisory Board and the patient determine which treatment facility will provide the best possible treatment for the patient's condition. Each member of the Advisory Board received a one-time award of 10,000 shares of restricted common stock as compensation for the services provided to the Company.

These shares are awarded without regard to how many patients are recommended for stem cell therapy, if any. Management believes that it has recruited industry respected individuals to form the Advisory Board and encourages those members to recommend only what is in the best interest of each patient. A potential conflict of interest may exist as the members of the Advisory Board are compensated with restricted common stock and the value of that common stock may be influenced by the number of patient procedures recommended by the Advisory Board. In addition, two members of the Advisory Board are located in Mexico and provide treatment services to patients, which could result in an additional conflict of interest.

In addition, some members of the Advisory Board are requested to perform additional services, such as evaluating new technologies and products that are available for stem cell treatment. In exchange for these services, these members are compensated with additional shares of restricted common stock equivalent in value to the services provided, as determined by the Company's management.

Although the market for our services is in its infancy and still developing, the potential market includes any person with a disease or injury that becomes treatable by stem cell therapy. Thus, our market depends largely on the Research and Development efforts of our affiliates and others from which we may obtain licenses in the future.

Information, Education and Referral Services

Through our website and organizations like the StrokeNetwork.org, DifferentStrokes.org, the MS Society, we have a worldwide referral network of potential patients seeking stem cell treatment. We offer information, education and referral services for those individuals with degenerative conditions seeking stem cell and related therapies in a lawful jurisdiction outside of the United States.

Sales of Stem Cell Products

Once we have referred patients to an affiliated clinic, we supply that clinic with the stem cell products that they will use on the referred patients which is acquired from local stem cell manufacturers. Our principal stem cell products are solutions containing allo stem cell biological solutions, either adult stem cells or stem cells which are extracted from umbilical cord blood. We do not directly collect, culture or clone stem cell lines. We provide stem cell products and technology to clinics in Mexico and China (although we may have future affiliations), which are highly specialized, professional medical treatment facilities around the world in locations where Stem Cell Transplantation therapy is approved by the appropriate local government agencies.

OVERVIEW OF STEM CELLS AND THEIR BENEFITS

Stem Cell Transplantation is a minimal surgical procedure that has been used successfully for more than 70 years as a treatment of many diseases for which modern medicine has had no therapy, or in which traditional therapies stopped being effective. A documented 5 million patients have already been treated using Stem Cell Transplantation worldwide to-date, evidenced by over 140,000 publications in MEDLINE. For a complete resource on stem cells and stem cell transplantation, visit www.nlm.nih.gov/medlineplus/stemcellsandstemcell transplantation.html.

Stem cell transplantation is not a "wonder drug," or a transplantation of some "wonder cell" that will cure everything. The body of every member of the animal kingdom, including man, is built from about 200 kinds of cells, see P. Dasgupta, "Much Ado about Stem Cells," The Statesman SciTech Supplement, Aug. 20, 2001, available at http://cactus.eas.asu.edu/ Partha/columns.htm, and since 1998 the Company's affiliated entities have been able to prepare stem cell transplants and make such transplants available for patient treatment, without immunosuppression.

This is the result of more than 20 years of ongoing research by many individuals and companies, and clinical experience with stem cell transplantation in patients suffering from those diseases where physicians recognized that their patient needed an outright transplantation of allo stem cells to replace the dead or non-functioning cells, or a direct stimulation of regeneration (i.e. repair) of the damaged cells and tissues of various organs.

There are crucial differences in the mechanism of the action of Stem Cell Transplantation as opposed to traditional drug (chemical) therapy and organ transplantation; Cell transplantation is a vastly different approach to existing medical therapy. Everything in the living body is in constant motion: electrons, protons, and other elementary particles of each atom, all atoms, all molecules, all cell organelles (the specialized parts of a cell, analogous to a cell's "organs"), as well as all fluids, which represent between 75% and 55% of body weight. See University of Massachusetts, Amherst Dining Services, "The Six Basic Nutrients," at http://www.umass.edu/diningservices/nutrition/six_basic_nutrients.html. Further, there is electromagnetic radiation associated with all such movement, a subject

almost completely neglected by

medical science. The final result of all of this activity is that every cell in your body (with the possible exception of certain neurons) is programmed to die. All cells of our body are being continuously replaced, albeit each kind with different speed. See generally Christopher Potten and James Wilson, Apoptosis: the Life and Death of Cells, Cambridge University Press (2004) for a complete discussion on the death and replacement of the body's cells.

It is common knowledge among the medical community that generally in every disease the principal cells of a diseased organ die faster than the sick body is able to replace them. When the quantity of principal cells of a diseased organ drops below a certain limit, the organ dies. If it is a vitally important organ, without which one cannot live, such as the heart, liver or brain, for example, and surgeons cannot replace such a dying organ, the sick organism will die, as well. Current medicine knows of one treatment only when it becomes mandatory to replace dead cells, tissues, or organs--transplantation. Transplantations of organs from human donors, such as heart, kidney, liver, etc., have become fairly common nowadays. See "The Future of Organ Transplantations," at http://www.itvisus.com/programs/cemr/press_futureorgan.asp. These are life saving major surgical procedures, usually done as a "treatment of last resort."

Besides the obvious surgical risk, there is always a problem of rejection. See "Transplant Rejection," at http://en.wikipedia.org/wiki/Transplant_rejection. The body of the recipient patient rejecting a transplanted organ from another body is almost always guaranteed as an issue in transplantation surgery, and the only way to prevent it is by taking immunosuppressants (drugs used to suppress the immune system) for the rest of the patient's life. These drugs can stop a rejection for some time, but only at the expense of serious, often life-endangering, complications. By suppressing the patients' immune system it leaves the patient vulnerable to many types of infectious diseases. See "Immunosuppression," at http://en.wikipedia.org/wiki/ Immunosuppression.

Some organs cannot be transplanted, such as the brain, spinal cord, eyes, neural system or the immune system, so that many diseases cannot be treated by organ transplantation. See "Whole Body Transplant" at http://en.wikipedia.org/wiki/B rain_transfer; Boulder Eye Surgeons, "Basic Eye Facts," at http://www.bouldereyesurgeons.com/basiceyefacts.htm; F. Wilt, "Continuation of Discussion of Cloning," at http://mcb.berkeley.edu/courses/mcb31/lect10.html.

Transplantation of bone marrow hematopoitic stem cells was introduced into clinical practice in the 1950s, approximately the same time as the first successful organ transplantation. See The Fred Hutchison Cancer Research Center, "The History of Transplantation," at http://www.fhcrc.org/science/clinical/ltfu/faqs/transplantation.html; The Southeast Tissue Alliance, "History of Organ and Tissue Transplantation," at http://www.donorcare.org/ about_history.html. The Company believes that stem cell transplantation will dominate the medicine of the 21st century. The main reasons for such statements are:

1) Stem cell transplantation is a minor procedure for a patient, (no more than an Intra Muscular injection or an Intra Venus drip like a transfusion) and for that reason the Company believes it can be, and should be, used in the earlier stages of those diseases that current medicine cannot cure, or even treat. It means that there is no logical reason to wait until the end-stage, as is the case with organ transplantation, and has been the case with stem cell transplantation until now.

2) One of the reasons why stem cell transplantation is such a simple procedure for a patient to go through is the principle of "homing." Homing means that the

respective stem cells do not have to be implanted directly into a damaged organ, (e.g. liver stem cells into liver), they can be implanted into more accessible superficial tissues, (e.g. under certain connective tissues of an abdominal muscle), because they will find their way into the damaged organ, as if "attracted" by it. See National Heart, Lung, and Blood Institute, "Homing Determinants in Stem/Progenitor Cells," 25 NIH Guide No. 24 (1996), available at http://grants.nih.gov/grants/guide/rfa-files/RFA-HL-96-020.html.

3) The Company believes that every diseased organ in the human body can be treated by stem cell transplantation.

4) Besides serving as a replacement for dead cells of a diseased organ, the transplanted cells can bring back to life (or repair) those cells of such organ which actually have not died, just stopped functioning properly as a result of the disease. In other words, besides transplanting new stem cells there is another mechanism of action of stem cell transplantation: a direct stimulation of regeneration (or repair) of existing organs at the cellular level. See O.

Lindvall et al., "Stem Cells For the Treatment of Neurological Disorders," 441 Nature 1094 (2006), available at http://www.nature.com/nature/journal/v441/n7097/full/nature04960.html

5) If stem cells are properly prepared, such as by the methods employed by the Company, they can be implanted without immunosuppression, and thus avoid all complications caused by the use of such medications. For clinical examples of the use of stem cells without the need for immunosuppression, See Makkar, R. et al., "Intramyocardial Injection of Allogenic Bone Marrow-Derived Mesenchymal Stem Cells Without Immunosuppression Preserves Cardiac Function in a Porcine Model of Myocardial Infarction," 10 J. Cardiovascular Pharmacology & Therapeutics 225 (2005), available at http://cpt.sagepub.com; Johns Hopkins Heart Institute, "Stem Cell Therapy Effectively Treats Heart Attacks in Animals," at http://www.hopkinsmedicine.org/ Press_releases/2004/

WHAT IS STEM CELL TRANSPLANTATION?

Stem cells can be compared to floating voters - they have yet to make up their minds. They are unspecialized cells that can renew themselves indefinitely and develop into specialized, more mature cells. They have the potential to be useful in repairing or replacing damaged body parts, and the hope is that they could be the basis for future treatments of many diseases, including Alzheimer's and Parkinson's diseases, spinal cord injuries, multiple sclerosis and diabetes.

Stem cells can potentially be derived from several sources: (1) from embryos while they are still microscopic clusters of cells; (2) from fetal tissue, usually from aborted fetuses; and (3) perhaps with greater technical difficulty, from adult organs, for example from bone marrow during transplantation. See St. Jude's Children's Research Hospital, "Stem Cell Sources," at http://www.stjude.org/stem-cell-trans/0,2527,419_4135_6103,00.html.

Possible sources of embryonic stem cells are embryos left over from fertility treatment that would otherwise be discarded, and specially created embryos. Embryos could be specially created using standard in vitro fertilization (IVF) techniques, whereby a sperm cell and an egg cell are combined. Other methods are cloning techniques, such as cell nuclear replacement (where the nucleus of an adult cell is introduced into an unfertilized egg), and parthenogenesis (where an egg cell is activated into commencing development without being fertilized). A potential advantage of cloning is that it could avoid the recognition by the recipient's immune system of the tissue developed from the stem cells as foreign, and rejection of the tissue. Once isolated, stem cells can be cultured and stored. As well as being potentially useful in treating disease (therapeutic

cloning), cloned embryos could be implanted into a woman with a view to the birth of a child (reproductive cloning). See The Royal Society, "Stem Cells and Cloning," at http://www.royalsoc.ac.uk/landing.asp?id=1202 for a complete resource on stem cells and cloning. Neither the Company nor its affiliates have any plans to clone human embryos.

Human embryonic stem cells were successfully isolated and cultured from embryos in the United States in 1998. These embryos were produced for clinical purposes, and donated for the research. See "What is the History of Stem Cell Research?" at http://www.allaboutpopular issues.org/history-of-stem-cell-research-faq.htm.

In summary:

- Stem Cell Transplantation is a surgical procedure that has its origins in bone marrow transplants first performed in the 1950s, and has the potential to treat many conditions for which modern medicine has had no therapy, or for which 'state-of-art' therapies stopped being effective;
- Stem cell transplantation is not a 'wonder drug';
- Stem cell transplantation directly stimulates repair of the damaged cells of any and all organs and tissues, and replaces dead or non-functioning cells;
- Stem cells can be of human (allo-) or animal (xeno-) origin; and
- Stem cell transplantation can be done through implantation by injection, minor or major surgery, or by surface application.

ILLUSTRATIONS OF STEM CELLS AND HOW THEY WORK

When an egg is fertilized, the cells start to divide, first into two, then four, eight cells, and more and more cells. Cell division continues, after four days from fertilization, the conceptus (fertilized, pre-birth entity) becomes a

multi-cell ball called a blastocyst. After ten days, the blastocyst will begin to form an embryo. The precursor stem cells of any and all organs or tissues are harvested along with other members of the cell family from the fetus at 27 days and can be transplanted into a patient to treat a variety of conditions. Stem cells can regenerate into new cells, repairing or replacing the damaged cells. Chemokine Receptors

HEART WITH DAMAGED OR INJURED CELLS (DIAGRAM 2)

[Omitted here, but included in .pdf version filed herewith]

BASIC STEM CELL CYCLE

[Omitted here, but included in .pdf version filed herewith]

The following photographs are an example of a topological application of stem cells for burn patients. The patient depicted in the following graphics was treated by our affiliate clinic in Kiev, which is run by ICT. All photographs of the patient were produced by ICT.

Burn patient's state, before and after stem cell vs. traditional tissue regeneration therapy. (Course of this treatment was 30 days)

[Omitted here, but included in .pdf version filed herewith]

Burn patients condition 30 days after beginning stem cell therapy and tissue regeneration therapy. Stem cell biological solution applied 10 days prior to picture being taken.

[Omitted here, but included in .pdf version filed herewith]

STEM CELL INDUSTRY CONSIDERATIONS

In the nascent, but rapidly growing field of stem cell therapies, products are a long way from being commercialized. However, the market potential for stem cell therapies products is very large. See generally "Cell Therapy Commercialization: Applying Stem Cell and Related Strategies," Drug and Market Development Publishing, January, 2006.

Much has been made of President Bush's 2001 executive order limiting the use of federal funds for human embryonic stem-cell research. With this absence of federal funding for stem cell research, researchers and stem-cell supporters are seeking private investment to drive the science and the industry forward.

According to an abundant and diverse body of clinical studies, scientists believe embryonic stem cells, which can grow and assimilate into any type of body tissue, could eventually provide a unique way to repair damaged or diseased tissue and treat or cure ailments including Parkinson's disease, Alzheimer's, diabetes and even spinal cord injuries. See "List of Diseases Potentially Treatable by the Company's Technology," below page 15. Supporters say the laboratory creation and study of these lines, which could number in the hundreds, is crucial to the advancement of the research.

Private donations have also spurred discovery of new stem-cell lines at Harvard, which subsequently created the Stem Cell Institute, and the University of Wisconsin, the University of California and Johns Hopkins have all made advancements in stem-cell research.

According to an editorial published in RED HERRING (Feb 2003), stem cell therapies are poised to capture what could be the biggest new market to hit biotech in a decade, nearly equal to the whole biotech industry at present. This estimate doesn't even address the market for stem cells capable of repairing damaged vital organs like the brain, heart, and kidneys.

California's Proposition 71 currently allocates $3 billion funding for stem cell research and development. Other states are rapidly following suit. On April 7, 2006, for example, the governor of Maryland signed a new bill into law setting aside $15 million for stem cell research.

According to the website of the U.S. NIDDK (National Institute of Diabetes, Digestive & Kidney Diseases) 18.2 million people - 6.3% of the population - suffer from diabetes mellitus in the U.S. in 2000 and over 194 million globally.

LIST OF DISEASES POTENTIALLY TREATED BY THE COMPANY'S TECHNOLOGY:

Together with independent clinical research studies, our affiliates' successful clinical results with about thirty patients, which the company considers quite an adequate number considering the developmental stage our industry is in, have demonstrated several categories of diseases that potentially can be cured or otherwise treated by the use of stem cell transplantation therapy.

The following is a non-exhaustive list of diseases that have either actually been treated with stem cell therapy, or have had positive clinical results that indicate that the disease may be treatable in the not-so-distant future:

Cancers and other Malignant Growths

- Acute and Chronic Leukemia
- Myelodysplastic Syndromes (Pre-Leukemia)
- Hodgkin's Disease and other Lymphomas
- Neuroblastoma
- Brain Tumors
- Ewing Sarcoma
- Ovarian Cancer
- Renal Cell Carcinoma
- Small-Cell Lung Cancer
- Testicular Cancer

SOURCES: Family Cord Blood Services, "Stem Cell Applications," at http://www.familycordbloodservices.com/applications_list.cfm (hereinafter "FCBS"); Cord Blood Registry, "Current Stem Cell Applications," at http://www.cordblood.com/cord_blood_banking_with_cbr/banking/diseases_treated.asp (hereinafter "CBR"); Czyz, J. et al., "Outcome and Prognostic Factors in Advanced Hodgkin's Disease Treated with High-Dose Chemotherapy and Autologous Stem Cell Transplantation: a Study of 341 Patients" 15 Annals of Oncology 1222 (2004), available at http://annonc.oxfordjournals.org.

Immunodeficiencies

- Autoimmune Diseases
  - HIV/AIDs
  - Multiple Sclerosis
  - Rheumatoid Arthritis
  - Systemic Lupus Erythematosus
- Histiocytic Disorders
  - Familial Erythrophagocytic Lymphohistiocytosis
  - Hemophagocytosis
  - Histiocytosis-X
  - Langerhans' Cell Histiocytosis
- Congenital Immunodeficiencies
  - Absense of T & B Cells
  - Absense of T Cells
  - Ataxia-Telangiectasia
  - Bare Lymphocyte Syndrome
  - Common Variable Immunodeficiency
  - DiGeorge Syndrome
  - Kostmann Syndrome
  - Leukocyte Adhesion Deficiency
  - Omenn's Syndrome
  - Severe Combined Immunodeficiency
  - Wiskott-Aldrich Syndrome
  - X-Linked Lympho-proliferative Disorder
- Other Immune Disorders
  - Neutrophil Actin Dysgenesis
  - Reticular Dysgenesis
  - Chediak-Higashi Syndrome
  - Chronic Granulomatous disease

SOURCES: CBR; FCBS; Hearthstone Communications, Ltd., "Women's Health Information: Diseases Treated by Cord Blood," (2006) at http://www.womens-health.co.uk/diseases_treated.html (hereinafter "Hearthstone"); E. Rivero, "UCLA AIDS and Stem Cell Researchers Discover Way to Develop T-cells From Human Embryonic Stem Cells, Raising Hopes for a Gene Therapy to Combat AIDS," UCLA News, July 3, 2006, available at http://www.newsroom.ucla.edu; Z. Galic, et al., "T lineage Differentiation from

Human Embryonic Stem Cells," Proc. Natl. Acad. Sci. (2006), published online before print at http://www.pnas.org; R. Burt et al., "Hematopoietic Stem Cell Transplantation: A New Therapy for Autoimmune Disease" 4 The Oncologist 77 (1999), available at http://alphamedpress.org.

Metabolic Diseases

- Endocrine Diseases:
  - Diabetes Type 1 & 2
  - Diabetic complications
  - Hypothyroidism
  - Suprarenal insufficiency
- Cystic Fibrosis
- Leukodystrophy:
  - Krabbe's Disease (globoid cell leukodystrophy)
  - Adrenoleukodystrophy
  - Metachromatic Leukodystrophy
- Gaucher's disease
- Niemann-Pick Disease

- Mucoplysaccharide Deficiencies:
  - Mucopolysaccharidoses (MPS)
  - Hurler's Syndrome (MPS-IH)
  - Scheie Syndrome (MPS-IS)
  - Hunter's Syndrome (MPS-II)
  - Sanfilippo Syndrome (MPS-III)
  - Morquio Syndrome (MPS-IV)
  - Maroteaux-Lamy Syndrome (MPS-VI)
  - Sly Syndrome, Beta-Glucuronidase Deficiency (MPS-VII)

SOURCES: CBR; Hearthstone; D. Castillo, "In Stem Cells, Researchers see Hope for Cures" Missourian News, dateMonth4Day28Year2006April 28, 2006, available at http://www.columbiamissourian.com/news/story.php?ID=19662 (hereinafter "Castillo").

Neurological Diseases

- Adulthood/Age-Related:
  - Alzheimer's Disease
  - Huntington's Disease
  - Lou Gehrig's Disease
  - Parkinson's Disease
- Neurological Birth Defects:
  - Autism
  - Cerebral Palsy
  - Down's Syndrome
  - Epilepsy
- Serious traumas of the spinal cord and cerebrum
- Other Nervous System Disorders:
  - Depression
  - Loss of Memory
  - Migraine
  - Cerebral spastic infantile paralysis
  - Neuritis
  - Consequences of a cranio-cerebral trauma
  - Encephalitis
  - Stroke and its Consequences

SOURCES: CBR; Castillo; Business Communications Company, Inc., "Down's Syndrome Stem Cells Studied," Applied Genetics News, Feb. 2002, available at http://www.findarticles.com; R. Parker, "Depression Tied To Hippocampal Stem Cells," Future Pundit, Oct. 30, 2002, available at

http://www.futurepundit.com/archives/000477.html; Harvard Stem Cell Institute, "Nervous System Diseases Program," at http://stemcell.harvard.edu/research/disease/neuro; Center for Immunotherapy and Cell-Based Technologies, "Stem cell therapy for the spinal cord injury treatment" at http://www.transplantation.ru/spinal-cord-injury-treatment.php.

Blood and Bone Marrow Disorders

- Myeloproliferative Disorders
  - Acute Myelofibrosis
  - Agnogenic Myeloid Metaplasia
  - Essential Thromocythermia
  - Polycythemia Vera
- Inherited Red Cell Abnormalities:
  - Beta Thalassemia Major
  - Blackfan-Diamond Anemia
  - Pure Red Cell Aplasia
  - Sickle Cell Anemia

- Inherited Platelet Abnormalities
  - Amegakaryocytosis/ Congen-ital Thrombocytopenia
- Plasma Cell Disorders
  - Multiple Myeloma
  - Plasma Cell Leukemia
  - Waldenstrom's Macroglobulinemia
- Stem Cell Disorders
  - Congenital Cytopenia
  - Dyskeratosis Congenita
  - Fanconi Anemia

  - Multiple Myeloma
  - Paroxysmal Nocturnal Hemoglobinuria
  - Plasma Cell Leukemia
  - Severe Aplastic Anemia

SOURCES: CBR; FCBS; Hearthstone.

Other Organ-Specific Diseases

- Cardiovascular system diseases:
  - Myocardial infarction(heart attack)
  - Cerebral atherosclerosis (Stroke)
  - Essential hypertension
  - Ischemic heart disease
  - Neurocirculatory dystonia.
- Muscular Dystrophy
- Systemic diseases of connective tissue:
  - Atrophic arthritis
  - Systemic angiitis
  - Systemic lupus
  - Systemic scleroderma
  - Systemic sclerosis
  - Rheumatism
- Respiratory diseases:
  - Bronchial Asthma
  - Bronchitis
  - Chronic Pneumonias
  - Chronic Obstructive Pulmonary disease
  - Congenital Lung Hyoplasia
  - Pulmonary Fibrosis
- Liver diseases:
  - Cirrhosis

- Viral and Toxic Hepatitis
- Liver Fibrosis

- Kidney and urinary tract diseases:
  - Pyelonephritis
  - Cystitis
  - Urethritis
  - Urinary Incontinence
- Obstetrics and gynecology:
  - Premature detachment of the placenta
  - Pre-term delivery
  - Toxicosis of pregnancy
  - Fetal hypotrophy
  - Menopause
  - Climacteric neuroses
- Skin diseases:
  - Psoriasis
  - Tropic ulcers
  - Dermatitis
- Ocular diseases:
  - Retinal Degeneration
- Dental and oral cavity diseases.
- Osteopetrosis

SOURCES: CBR; FCBS; Castillo; J. Morser et al., Eds., Stem Cells in Reproduction and in the Brain (2006); S. Terai et al., "Improved Liver Function in Liver Cirrhosis Patients after Autologous Bone Marrow Cell Infusion Therapy," Stem Cells (2006), electronically published ahead of print, abstract available at http://stemcells.alphamedpress.org/cgi/content/abstract/2005-0542v1;The Royal Society, "Dr Fiona Watt FRS - Getting under the skin," at http://www.royalsoc.ac.uk/page.asp?id=1567 (2006); L. Hemphill, "Dental stem cells have been characterized for tooth tissue engineering," at http://www.eurekalert.org (2006); R. Nash et al., "Allogeneic Marrow Transplantation in Patients with Severe Systemic Sclerosis: Resolution of Dermal Fibrosis," 54 Arthritis & Rheumatism J. 1982 (2006); L. Bergeron, "Behind method for activating adult stem cells, a shaggy-mouse story," Stanford Report, August 24, 2005, available at http://news-service.stanford.edu/news/2005/august24/mice-082405.html; Home Office (UK), "Stem Cell Therapy for Ocular Disease," Animals in Scientific Procedures (2006), Abstract available at http://scienceandresearch.homeoffice.gov.uk/animal-research/publications; S. Ricardo, "Stem Cells in Renal Regeneration and Repair," at http://www.med.monash.edu.au/anatomy/research/kidney-scarring.html (2005); Stem Cell Network, "Research Overview," at http://www.stemcellnetwork.ca/research/overview.php (2005); Harvard Stem Cell Institute, "Cardiovascular Disease," at http://stemcell.harvard.edu/research/disease/cardio (2005); "Stem Cells 'To Treat Liver Harm'" BBC News, December 16, 2004, available at http://news.bbc.co.uk; I. Neuringer and S. Randel, "Stem Cells and Repair of Lung Injuries," 5 Respiratory Research 6 (2004), available at http://respiratory-research.com; "Stem Cells Offer Hope for Urinary Incontinence" Health Day News, Nov. 29, 2004, available at http://www.medicineonline.com/conditions/article.html?articleID=3055; A. Perillo et al., "Stem cells in gynecology and obstetrics," 46 Panminerva Medica 49 (2004), available at http://www.minervamedica.it/index2.t; "Healing the Heart with Stem Cells" Blood Weekly, Sept. 4, 2003, available at http://www.newsrx.com/newsletters/Blood-Weekly/2003-09-04.html; "Bone Marrow Cells Capable of Becoming Kidney Cells," Daily University Science News, July 25, 2001, available at http://unisci.com; Department of Health and Human Services, "Can Stem Cells Repair a Damaged Heart?" in "Stem Cells: Scientific Progress and

Future Research Directions" (2001), available at http://stemcells.nih.gov/info/scireport; P. Goodenough, "Adult Stem Cells May Help Treat Kidney Disease," at http://www.cnsnews.com/Culture/archive/200107/CUL20010725b.html (2001); Department of Health and Human Services, "Stem Cells and Diabetes," in "Stem Cells: Scientific Progress and Future Research Directions," (2001), available at http://stemcells.nih.gov/info/scireport; R. K. Burt et al., "Intense Immune Suppression for Systemic Lupus--the Role of Hematopoietic Stem Cells," 20 J. Clinical Immunology 31 (2000); C. Padovan et al., "Angiitis of the Central Nervous System after Allogeneic Bone Marrow Transplantation?" 30 Stroke 1651 (1999), available at http://stroke.ahajournals.org/cgi/content/full/30/8/1651; J. Mastrandrea et al., "Hemopoietic Progenitor Cells in Atopic Dermatitis Skin Lesions," 9 J. Investigational Allergology & Clinical Immunology 386 (1999).

Other Applications

- Surgical Diseases
  - Osteomyelitis
  - Fractures
  - Reconstructive Operations on Bone Tissue
- Male and female sexuality:
  - Impotency
  - Sterility
  - Contraception
- Gerontology and Anti-Aging
- Rejuvenation SC Therapy
  - Increasing vitality
  - Slowing down pre-senility
  - Relieving age-related pathologies
  - Prolonging life
  - Improving memory
  - Improving quality of life

SOURCES: C. Weinand et al., "Hydrogel-Beta-TCP Scaffolds and Stem Cells for Tissue Engineering Bone," 38 Bone 555 (2006); T. Rando, "Stem Cells, Ageing and the Quest for Immortality," 441 Nature 1080 (2006), available at http://www.nature.com/nature/journal/v441 /n7097/full/nature04958.html; Center for Immunotherapy and Cell-Based Technologies, "Stem Cell Therapy for Chronical Osteomyelitis," at http://www.transplantation.ru/osteomyelitis.php (2006);National Institutes of Health, Clinical Trials, "Autologous Implantation of Mesenchymal Stem Cells for the Treatment of Distal Tibial Fractures" at http://www.clinicaltrials.gov/ct/gui/show/NCT00250302 (2005); "Researchers Identify Gene Linked To Sperm-producing Stem Cells In Mammals," Science Daily, May 24, 2004, available at http://www.sciencedaily.com/releases/2004/05/040524060300.htm; M. Mattson, Ed., Stem Cells: A Cellular Fountain of Youth (Advances in Cell Aging & Gerontology) Elsevier Publishing Company (2002); R. Parker, "Depression Tied To Hippocampal Stem Cells," at http://www.futurepundit.com/archives/000477.html (2002)

Based on the enormous amount of positive clinical studies in such a broad array of different diseases, the Company firmly believes that every diseased organ may become treatable with stem cells, including diseases of the digestive tract, ear, nose and throat diseases, infectious diseases, allergies, and other long-term chronic diseases of the internal organs.

Our affiliate clinics in Kiev, Ukraine, Tijuana, Mexico and Shenzhen, China have treated several different diseases, as described below. Even though the Company is still in its developmental and planning stage, to date we have already referred several patients for treatment to each of the above treatment facilities.

LICENSE AGREEMENT WITH INSTITUTE OF CELL THERAPY

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 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 year ended March 31, 2007 and the period from inception through March 31, 2008. 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 and as of the date of this filing, ICT has not made any claims against the Company. The agreement with ICT was terminated during the year ended March 31, 2008

NUMBER OF PATIENTS TREATED BY THE COMPANY'S AFFILIATES:

The company does not directly treat patients with Stem Cell Therapy, but instead refers patients to clinics affiliated with the Company. The following table reflects the treatments to date by clinics affiliated with the Company, including the types of diseases treated and the number of patients treated for each disease:

DISEASES TREATED WITH SCTI PATIENT SPECIFIC STEM CELL TRANSPLANTS	NUMBERS OF PATIENTS TREATED
Type 1 Diabetes & Type 2 Diabetic complications	5
Stroke	1
Multiple Sclerosis	2
Acute Leukemia	4
Rectal Cancer	1
Congenital Aplastic Anemia	2
Acquired Aplastic Anemia	4

Closed abdominal injury, traumatic kidney rupture, nephrectomy	1
Neuro-degenerative diseases	3
Sigmoid colon cancer	1
Severe Skin Burn Patient	1
Liver cirrhosis	1
Ovarian carcinoma	3

The Company is presently affiliated with the following two clinics:

1. Tijuana, Mexico: Dr. Salvador Vargas's clinic has been offering stem cell transplants since 2000.

2. Shenzhen, China

The clinics in Tijuana, Mexico and Shenzhen, China are independently owned and operated. We have no ownership and we do not treat any patients.

Instead of treating patients, we provide information and education services to patients interested in Stem Cell Therapy, and if they elect to pursue the treatment we refer the patients to our Medical and Scientific Advisory Board, a group of independent consultants. The Board determines if the patient is a good candidate for Stem Cell Therapy, and if they are, the Company refers the patients to one of our affiliated clinics. After we refer the patients to the independent clinics, the Company has no further discretion regarding the diagnosis, treatment, progress, or prognosis of the patient.

MANUFACTURING

Basic Approach

The basis of stem cell therapy is the presence of preparations of allo stem cell biological solutions. The Company holds licensing rights to a patented unique biological solution, which consists of hematopoietic human stem cells, numerous low-molecular proteins, nutrients, hormones and human growth factors (compounds made by the body to regulate cell division and cell survival). For further reference this whole set will be called a "biological solution."

Stem cells are a fundamental principle of an organism; they give rise to all 220 types of specialized cells and tissues of an organism. They are present in the human embryo, placental complex, an adults' bone marrow and also in insignificant number in other tissues. Their main feature is an ability to regenerate: they are capable of making identical copies of themselves for the lifetime of the organism. To put it simply, they are theoretically eternal. In reality, as a result of enduring infections, traumas, hereditary infringements, harmful factors of the environment and emotional stresses stem cells lose their ability of endless regeneration and basically that is the starting point of the aging processes and appearance of the long-term diseases which in turn stop the processes of the stem cells division. If at birth their content equals one stem cell to 10 thousand, then at the age of 50 it is already one to half a million and at the age of 70, one to a million of the

hematopoietic cells. See generally Christopher Potten and James Wilson, Apoptosis: the Life and Death of Cells, Cambridge University Press (2004).

The isolation process of stem cells for medical purposes is the most expensive part of modern biotechnology for stem cells. Today there have been effective methods worked out for the isolation of stem cells from an embryo, fetus and umbilical cord blood (the rest of the blood in an umbilical cord and placenta after delivery). Modern technology allows for the preparation of these cells for the treatment of many diseases.

The Company believes that the most promising way to create this individualized medication, which could be used in the case of disease or the loss of any organ, is to keep stem cells in a frozen condition, collecting the rest of the umbilical cord blood during a birth and using preparations created on their basis. Upon introduction into the organism of a patient, stem cells find the struck organs, the so-called target organs, where they migrate and provide powerful restoration of whole biological structures, normalize the metabolism, harmonize the immune status of an organism, and make active antineoplastic factors (compounds that prevent the growth and development of malignant cells). This way cell suspension introduction results in the increase of the number of leukocytes (white blood cells) in ontological patients with chemo rays depression of hemopoiesis (the formation of blood cells in the body) from 2 to 5 thousand for two weeks.

Stem cells actively perform their main responsibility - they replace the sick and old cells of an aging organism rejuvenating it, which cannot be done by any other medicine. Also, highly active regulating factors are present within the cells suspension which exist and work only during an embryonic period of the organism's development. That is why the cells suspension introduction in the adult organism and engraftment of stem cells among the aging and pathologically altered cells of this organism creates a unique situation when the most powerful development, renewal and functions' ensuring factors that only exist start constantly influencing the cells and organs of the adult organism.

These biological preparations in their complex state influence:

- normalization and stimulation of the metabolism
- rise in the activity of the immune and neuro-endocrinal systems
- strongly marked antineoplastic action;
- delay pre-senility, dynamically rejuvenating the organism
- strongly marked medical effects upon diversified pathologies

In the Ukraine the study and production of biological preparations from the animal and human cells were being carried out within the framework of the scientific programs under the aegis of the National Academy of Sciences, Medical Academy of Sciences, Ministry of Public Health, Coordination Center of the organs, tissues, and cells transplantation of the Ministry of Public Health of Ukraine.

The application of allo (human) biological preparations have been allowed by the Ministry of Public Health of Ukraine since 1991.

Cryopreservation

Long-term methods of storage have been used in medical practice for a long time. Among those commonly famous methods of storage there is lyophilization (freeze-drying), treatment by alcohol or formalin solutions and some others. But the basic drawback of such methods of storage is dehydration of protein compounds which cause cells and tissues to completely lose their main biological features - ability to function after transfusion.

Nowadays, low temperatures are the only way to allow for the storage of cells and tissues for long time intervals (running for years) in a viable condition. Storage in liquid nitrogen at the temperature of -196 C is the basic method of the long-term storage of biological objects today. The development of

personal modern technologies of cryogenic-preservation, corresponding to world standards as well as observing the demands of producing biological preparations, their testing, marking and storing in accordance with statements of the European Tissue Banks Association, allowed ICT to create high-quality cryogenically-preserved embryonic stem cells, tissue preparations and extracts for clinical application and system of examination and treatment of patients with minimum risk and maximum effect with the most diversified pathologies.

Quality Control

The efficiency of stem cell therapy is ensured through the latest special methods of bacteriological and virological control which guarantee the highest quality of preparations. Every preparation prepared for use is supplied with its own certificate containing test results which certify the safety of this biological preparation. The patient's safety assurance totally corresponds with international Standards of Activity of the European and American Tissue Banks Association.

The Company warrants that a batch of allo stem cell biological solution for transplants are individually prepared for a specific patient have been manufactured in accordance with and in strict compliance with Good Manufacturing Practice ("GMP"), and following the regulations of the U. S. Food and Drug Administration (the "FDA") as well as the respective regulatory agencies of the European Union. GMP is a set of guidelines established by the FDA regarding the production or manufacture of any drug or biological products. The FDA certifies and enforces US manufacturers that comply with the GMP standards. Although the Company is not GMP certified or GMP enforceable since its manufacturing facilities are located outside of the U.S., we have voluntarily complied with all GMP standards. More information on GMP standards is available at www.gmp-online-consultancy.com.

The Company follows all steps recommended by the FDA and the respective counterpart regulatory agencies of the EU. We have put into practice all of these recommendations to aid and assure top quality preparations of each allo stem cell biological solution therapy batch. In addition, many other specimens, samples of each stem cell transplant(s) prepared by the Company are kept in liquid nitrogen at its laboratories, pursuant to FDA regulations.

RESEARCH AND DEVELOPMENT

We do not directly engage in Research and Development. Instead, we rely on the technology that results from Research and Development activities performed through contractual arrangements and possibly the technology that results from such arrangements in the future.

PRICING

Our stem preparations are priced competitively with others in our industry, reflecting pricing which has been the same as it has been in Germany for the past approximate 10 years.

The complex approach to stem cell transplantation is based upon cleansing and detoxification and balancing of all metabolic processes, whereby the patient will be prepared to accept the stem transplants for their maximum healing effects.

COMPETITION

We are unaware of any competitor that has the same business model in the manufacturing process and cryo-preservation process of allo stem cell biological

solution and other products. To our knowledge, these procedures have only been used by our affiliates. Further, we are unaware of any competitor engaged in the business of providing educational, informational, and referral services to potential candidates for stem cell therapy.

Although we have not noted any Companies that offer an identical array of services, there are several stem cell companies that compete with us on an individual service level. First, there are the stem cell research and development companies that are only doing scientific work with stem cells, but are not in the business of treating patients. Second, there are companies that have their own treatment facilities and their own source of stem cells. Third, there are the companies that supply the stem cells for research and treatment of patients.

There is no assurance that the Company will be able to compete successfully against any such current and any developing future competitors, and competitive pressures faced by the Company may have a material adverse effect on the Company's business, prospects, financial condition and results of operations. Further, as a strategic response to changes in the competitive environment, the Company may from time to time make certain pricing, service or marketing decisions or acquisitions that could have a material adverse effect on its business, prospects, financial condition and results of operations. New technologies and the expansion of existing technologies may increase the competitive pressures on the Company.

In our research, the closest competitor that we have to our business model is a company called VesCell (www.vescell.com). This company has licensed a proprietary technology from their partner TheraVitae that uses the patients own blood to draw out the stem cells which are then culture grown and are then used as an injection back into the patient. VesCell has a number of affiliate treatment facilities which are located in Thailand and Singapore where these procedures are performed. VesCell also has a number of treating physicians at each affiliate hospital or clinic facility that actually perform the stem cell transplantation procedure. The cost of the VesCell therapy is $34,500, USD, per treatment.

Currently, the Company has two affiliate treatment facilities outside of the United States: Shenzhen, China and Tijuana, Mexico.

REGULATION

As the technological milestones for stem cell transplantation have been announced, governments have begun to impose regulation. Many developed countries have now drawn up legislation or codes, or signed up to Conventions, regulating the creation and use of embryonic stem cells. Some regimes have already been shown to be lagging behind the technology.

From a regulatory viewpoint stem cell transplant represents a very unique product, which really is not really a "product" at all, because it does not fulfill the legal definition of a medicinal "product." The FDA's regulations label live cell transplants as products, while under German law they are classified neither as drugs nor as medications, because:

[] they are individually prepared for each patient,
[] they are for one time use only, by implantation on a pre-determined date,
[] the implantation is carried out by a physician who wrote a prescription for the stem cell transplants used,
[] stem cell transplants have no 'shelf-life', and
[] they are not distributed through the usual channels.

The response of many governments to reproductive cloning is a complete ban, but approaches to therapeutic cloning vary quite widely. The United States

presidency and various European bodies and institutions are taking a restrictive approach to embryonic stem cells, while the United Kingdom has passed relatively permissive legislation.

The United States

The United States' regulation falls into two main areas: control of federal funds for research, and the broader question of regulation of the activities themselves. Following an announcement by President Bush on August 9, 2001, United States federal funds became available only for stem cell research on embryonic cell lines already in existence. Before that, more liberal National Institutes of Health ("NIH") Guidelines had recommended that funds were to be available for the creation and use of stem cells from spare IVF embryos. The 64 embryonic cell lines identified by US officials as already being in existence, and therefore a suitable subject for federally funded research, were generated by various institutes in the United States, Sweden, Australia, India, and Israel. We currently plan to seek research funding from the NIH, and will consider seeking research funding from other government health agencies in the future.

Separately from the funding issue, the regulation of embryonic stem cell research is being actively considered by the US Government. On July 31, 2001, the House of Representatives voted for a broad ban on human cloning that would prohibit cloning for research purposes as well as for reproduction. The resulting law imposes heavy financial penalties and terms of imprisonment on those who generate cloned embryos, and thus affects both privately funded and NIH-supported research. Fortunately, the Company's lines of allo transplants are outside of this regulation, both because we do not engage in any cloning activities, and because we do not engage in any stem cell production, research, or development in the United States. Further, since all of our stem cell activities are performed in jurisdictions where such activities are legal, we do not currently have any obligation to obtain government approval for our activities, and do not currently have any compliance costs. However, there is no assurance that we will not face costs or the need for government approval with regard to future regulations or the regulations of any country into which we may expand our operations in the future. Germany and the Rest of Europe

Germany's highest court re-affirmed its approval of therapeutic use of cell allo transplantation on February 16, 2000, by its decision in the case number 1 BvR 420/97. Germany had previously approved of this use in the early fifties.

This German decision had serious implication for the remainder of the European Community ("EC") as well. Under the European Community Council Directives, all Member States of EC are obliged to accept laws and regulations of other member States of European Community dealing with medical therapeutics for human use, and that includes stem cell transplantation.

All applicable regulations of the Public Health Service, and EU Directives, were incorporated in our manufacturing technology, and that was of enormous importance in order to attain the heretofore unknown 'state-of-art' level of safety of stem cell transplantation.

The European Community Council's Directives are in harmony with this German legal concept, and thus European Community Member States do not classify stem cell allo and/or xeno-transplants as 'products' either.

EMPLOYEES

As of March 31, 2008, the Company employed 3 full-time employees, and one part-time employee. The Company also engages independent contractors and other

temporary employees in its operations and finance and administration departments. None of the Company's employees is represented by a labor union, and the Company considers its employee relations to be good. Competition for qualified personnel in the Company's industry is intense, particularly among Doctors and other technical staff. The Company believes that its future success will depend in part on its continued ability to attract, hire and retain qualified personnel.

RISK FACTORS

THE FOLLOWING RISK FACTORS SHOULD BE CONSIDERED CAREFULLY IN EVALUATING THE COMPANY, ITS BUSINESS, CONDITION AND PROSPECTS (FINANCIAL AND OTHERWISE). THESE RISK FACTORS ARE NOT NECESSARILY EXHAUSTIVE AND ADDITIONAL RISK FACTORS, IF ANY, MAY BE MATERIAL OR HAVE SIGNIFICANCE TO AN INDIVIDUAL INVESTOR. MANY INVESTMENT OPPORTUNITIES INVOLVE RISK FACTORS OR A RISK OF LOSS AND THE EXISTENCE OF THE NORMAL AND CERTAIN EXTRAORDINARY RISKS.

USE OF FORWARD-LOOKING LANGUAGE; FORECASTS UNRELIABLE: All statements, trend analysis and other information contained in this document relative to markets for the Company's products and trends in net sales, gross margin and anticipated expense levels, as well as other statements including words such as "anticipate," "believe," "plan," "estimate," "expect" and "intend" and other similar expressions, constitute forward-looking statements. These forward-looking statements are subject to business and economic risks, and the Company's actual results of operations may differ materially from those contained in the forward-looking statements.

LIMITED OPERATING HISTORY; ACCUMULATED DEFICIT; ANTICIPATED LOSSES: The Company has a limited operating history on which to base an evaluation of its business and prospects. The Company's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Nonetheless, there is no assurance that the Company will be successful in addressing such risks, and the failure to do so could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

UNPREDICTABILITY OF FUTURE REVENUES; POTENTIAL FLUCTUATIONS IN QUARTERLY OPERATING RESULTS; SEASONALITY; As a result of the Company's limited operating history and the emerging nature of the biotechnological markets in which it competes, the Company is unable to accurately forecast its revenues. The Company's current and future expense levels are based largely on its 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. The Company 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 the Company's planned expenditures would have an immediate adverse effect on the Company's business, prospects, financial condition and results of operations. Further, as a strategic response to changes in the competitive environment, the Company may from time to time make certain pricing, service or marketing decisions which could have a material adverse effect on its business, prospects, financial condition and results of operations.

The Company expects to experience significant fluctuations in its future quarterly operating results due to a variety of factors, many of which are outside the Company's control. Factors that may adversely affect the Company's quarterly operating results include (i) the Company's ability to retain existing patients, attract new patients at a steady rate and maintain patient satisfaction, (ii) the Company's ability to manage its 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 the Company's website, (viii) technical difficulties, system downtime, (ix) the amount and timing of operating costs and capital expenditures relating to expansion of the Company's business, operations and infrastructure, (x) governmental regulation, and (xi) general economic conditions.

MANAGEMENT OF POTENTIAL GROWTH: LIMITED SENIOR MANAGEMENT RESOURCES: While we cannot be sure we will be successful in growing the Company's operations, our goal is to rapidly and significantly expand our operations to address potential growth and market opportunities. We intend to seek to accomplish this by adding additional affiliate clinics, and by our marketing efforts. By adding affiliates, our intention is to seek to not only increase the number of patients that can be treated, but increase the visibility of stem cell therapy in general. We believe that the combination of word of mouth and our marketing efforts may lead to a significant growth in demand for our products and services.

This expansion if successful could place a significant strain on the Company's management, operational and financial resources. The Company will be required to hire new employees including senior management, key managerial, technical and operations personnel who would have to be fully integrated into the Company, operational and financial systems, procedures and controls, and to expand, train and manage its already growing employee base.

The Company also would be required to add finance, administrative and operations staff. Further, the Company's management would be required to maintain and expand its relationships with Affiliate Treatment Clinics and Medical Facilities, University Labs, Private Labs and Treating Physicians globally.

If we grow rapidly, there is no assurance that the Company's planned personnel, systems, procedures and controls would be adequate to support the Company's future operations, that the management would be able to hire train, retain, motivate and manage required personnel or that Company management would be able to successfully identify, manage and exploit existing and potential market opportunities. If the Company is unable to manage growth effectively, its business, prospects, financial condition and results of operations will be materially adversely affected.

DEPENDENCE ON KEY PERSONNEL; NEED FOR ADDITIONAL PERSONNEL: The Company's performance is substantially dependent on the continued services and on the performance of its senior management and other key personnel, particularly the Company's President, David Stark, and Chief Financial Officer, Andrew Norstrud. The Company's performance also depends on the Company's ability to employ, retain and motivate its other officers and key employees. The loss of the services of any of its executive officers or future key employees could have a material adverse effect on the Company's business, prospects, financial condition and results of operations. The Company is currently negotiating long-term employment agreements with its executive officers and intends to obtain "key person" life insurance policies. The Company's future success also depends on its ability to identify, attract, hire, train, retain and motivate other highly skilled doctors, scientists, qualified PhD's, technical, managerial, marketing and customer service personnel. Competition for such personnel is intense, and there is no assurance that the Company will be able to successfully attract, assimilate or retain sufficiently qualified personnel. The failure to retain and attract the necessary doctors, scientists, qualified

PhD's, technical, managerial, marketing and customer service personnel could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

COMPETITION: While we are presently unaware of any competitor that has the same business model in the manufacturing process and cryo-preservation process of allo stem cell biological solution and other products, competitors may already exist or may develop with respect to our specific business model.

Although we have not noted any Companies that offer an identical array of services, there are several stem cell companies that compete with us on an individual service level. First, there are the stem cell research and development companies that are only doing scientific work with stem cells, but are not in the business of treating patients. Second, there are companies that have their own treatment facilities and their own source of stem cells. Third, there are the companies that supply the stem cells for research and treatment of patients.

There is no assurance that the Company will be able to compete successfully against any such current and any developing future competitors, and competitive pressures faced by the Company may have a material adverse effect on the Company's business, prospects, financial condition and results of operations. Further, as a strategic response to changes in the competitive environment, the Company may from time to time make certain pricing, service or marketing decisions or acquisitions that could have a material adverse effect on its business, prospects, financial condition and results of operations. New technologies and the expansion of existing technologies may increase the competitive pressures on the Company.

TRADEMARKS AND PROPRIETARY RIGHTS: The Company regards its copyrights, service marks, trademarks, trade dress, trade secrets and similar intellectual property as important, and critical to its success. In addition, certain aspects of trademark and copyright law, trade secret protection and confidentiality and/or license agreements with its employees may be relied upon to protect its proprietary rights. The Company is pursuing the registration of its trademarks and service marks in the U.S. and internationally, and has applied for the registration of certain of its trademarks and service marks. Effective trademark, service mark, copyright and trade secret protection may not be available in every country. The Company expects that it may license in the future certain parts of its proprietary rights, such as trademarks or copyrighted material, to third parties.

There is no assurance that the steps taken by the Company to protect its proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's copyrights, trademarks, trade dress and similar proprietary rights. In addition, there is no assurance that other parties will not assert infringement claims against the Company. The Company is not currently aware of any legal proceedings pending against it.

GOVERNMENTAL REGULATION AND LEGAL UNCERTAINTIES: The Company is subject to regulation by domestic and foreign governmental agencies with respect to many aspects of stem cell transplantation. In addition, new legislation or regulation could occur. Any such new legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to the Company's business, or the application of existing laws and regulations to stem cell transplantation technology could have a material adverse effect on the Company's business, prospects, financial condition and results or operations.

NO ASSURANCE OF PUBLIC MARKET FOR COMMON STOCK, POSSIBLE LACK OF MARKET MAKERS; VOLATILITY. Although the Company's stock is currently quoted on the Over-the-Counter Bulletin Board, there is no assurance that a public trading

market will continue or develop for the Common Stock. There is also no assurance that the existing trading or any such future market will be characterized as active.

Development of an active trading market for the Company's Common Stock may depend upon the interest of securities market makers and the investing public which may depend in turn on the Company's revenues and profits. The prices of securities of companies which are in limited supply in the public securities markets, which could describe the Company, are typically volatile.

POSSIBLE NEGATIVE EFFECT OF COMMON STOCK AVAILABLE FOR FUTURE SALE: A substantial component of the Common Stock issued by the Company is "restricted stock" as defined in SEC Rule 144, promulgated under the Securities Act of 1933. The offer of a significant number of restricted shares of Common Stock in the future in the public market, at or about the same time pursuant to Rule 144 or pursuant to a subsequent registration statement under the Securities Act of 1933 could have a depressive effect on the public market price of the Company's common stock.

TRADING LIMITATIONS ON STOCK AT A MARKET PRICE OF LESS THAN $5.00 PER SHARE: Management cannot predict the market price of the Common Stock in the public market. At any time that the market price is less than $5.00 per share, certain larger stock brokerage firms may prohibit purchase or sale of the Shares within their clients' accounts.

All securities brokerage firms effecting purchase orders for clients in the Company's common stock at a time when the common stock has a market bid price of less than $5.00 per share are required by federal law to send a standardized notice to such clients regarding the risks of investing in "penny stocks", to provide additional bid, ask and broker compensation and other information to the stockholders and to make a written determination that the Company's common stock is a suitable investment for the client and receive the client's written agreement to the transaction, unless the client is an established client of the firm, prior to effecting a transaction for the client. These business practices may inhibit the development of a public trading market for the Company's common stock during periods that the price of the common stock in the public market is less than $5.00 by both limiting the number of brokerage firms which may participate in the market and increasing the difficulty in selling the Company's common stock.

NEED FOR FINANCING. In order to continue as a going concern, the Company will require significant additional financing or a merger partner with substantial resources. We cannot guarantee that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. Even if we are able to expand our business, we cannot provide certainty that we will be successful or that investors will derive a profit from an investment in our equity. Subsequent to year end, the Company entered into a merger agreement to acquire another Company that should positively impact the Company's liquidity, however, as of the date of this filing, the agreement has not yet closed, while management believes the transaction will be consummated, there can be no assurance in that regard.

ITEM 2. DESCRIPTION OF PROPERTY

We lease office space and office equipment under an operating lease on a month-to-month basis. We lease the executive office suite from Wilder Corporation for approximately $820. Our office is located at 2203 N. Lois Avenue, Suite #901, Tampa, FL 33607. The office is approximately three hundred seventy-four (374) square feet and is in a condition adequate to our needs. The terms of the lease agreement require 30 days written notice to terminate the lease.

Rent expense amounted to $18,048 and $23,298 for the years months ended March 31, 2008 and 2007.

The Company is not involved in investments in (i) real estate or interests in real estate, (ii) real estate mortgages, and (iii) securities of or interests in persons primarily engaged in real estate activities, as all of its land rights are used for production purposes.

ITEM 3. LEGAL PROCEEDINGS

The Company is currently involved in a legal dispute over the payment and performance of a consulting agreement. The Company contends that the contract never became effective, and therefore the consultant was not entitled to receive compensation. The consultant contends that the Company and its representatives induced them to begin performance of the services early, based on certain promises. The original contract calls for the consultant to be awarded the compensation of 3,000,000 shares of the Company's common stock valued at $390,000. The company currently holds the stock certificates and intends to vigorously defend its position, however, the outcome of the proceedings cannot be determined

The Company expects to be subject to legal proceedings and claims from time to time in the ordinary course of its business, including, but not limited to, claims of alleged infringement of the trademarks and other intellectual property rights of third parties by the Company and its licensees. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

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

During the year ended March 31, 2008, the Company's shareholders agreed to change the name of the Company to Amstem International Corp. and increased the authorized common stock to 500,000,000 shares. The Company filed and distributed a Schedule 14C to reflect that change.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

Stem Cell Therapy International, Inc. common stock is quoted in United States markets on the Over the Counter Bulletin Board ("OTCBB").

Currently there are 400,000 outstanding warrants and 3,650,000 oustanding options to purchase stock.

PENNY STOCK REGULATIONS:

Our common stock is quoted on the OTCBB, under the symbol "SCII". On July 10, 2008 the last reported sale price of our common stock was $0.075 per share. The Company's common stock is subject to provisions of Section 15(g) and Rule 15g-9 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), commonly referred to as the "penny stock rule." Section 15(g) sets forth certain requirements for transactions in penny stocks, and Rule 15g-9(d) incorporates the definition of "penny stock" that is found in Rule 3a51-1 of the Exchange Act. The SEC generally defines "penny stock" to be any equity security that has a market price less than $5.00 per share, subject to certain exceptions. As long as the Company's common stock is deemed to be a penny stock, trading in the shares will be subject to additional sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers

and accredited investors.

The following table shows the high and low per share price quotations of Stem Cell Therapy International, Inc. common stock as reported in the OTCBB for the periods presented. High and low bid quotations reflect inter-dealer prices without adjustment for retail mark-ups, markdowns or commissions and may not necessarily represent actual transactions. We completed our acquisition of Stem Cell Therapy Corp.("Stem Cell Florida") in the third calendar quarter of 2005. Our stock has been thinly traded.

(Calendar Quarters)		HIGH	LOW
2008			
	First Quarter	$0.27	$0.08
2007			
	Fourth Quarter	$0.21	$0.05
	Third Quarter	$0.40	$0.15
	Second Quarter	$0.43	$0.07
	First Quarter	$0.30	$0.098
2006			
	Fourth Quarter	$0.35	$0.10
	Third Quarter	$0.40	$0.23
	Second Quarter	$0.75	$0.40
	First Quarter	$1.00	$0.47

As of March 31, 2008 there were approximately 280 holders of record of Stem Cell Therapy International, Inc. common stock. Many of these shares are held in street name, and consequently we have numerous additional beneficial owners.

DIVIDENDS

The Company has never declared or paid a dividend on its Common Stock, and does not anticipate paying any cash dividends on its Common Stock in the foreseeable future. The Company expects to retain, if any, its future earnings for expansion or development of the Company's business. The decision to pay dividends, if any, in the future is within the discretion of the Board of Directors and will depend upon the Company's earnings, capital requirements, financial condition and other relevant factors such as contractual obligations. There can be no assurance that dividends can or will ever be paid.

RECENT SALES OF UNREGISTERED SECURITIES

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 year ended March 31, 2008, 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.

During the year ended March 31, 2008, the Company issued 375,000 shares of common stock in conversion of common stock warrants. These shares were issued without any public offering in accordance with Section 4(2) of the Securities

Act of 1933, as amended.

Effective February 22, 2008, the Company issued 500,000 shares of common stock to Elite International Partners 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 March 1, 2008, the Company issued 500,000 shares of common stock to Cutler Law Group in connection with legal 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 March 1, 2008, the Company issued 250,000 shares of common stock to an employee in connection with the execution of an employment agreement. These shares were issued without any public offering in accordance with Section 4(2) of the Securities Act of 1933, as amended.

Effective March 5, 2008, the Company issued 250,000 shares of common stock to First Capital Partners in connection with consulting services to be provided to the Company. These shares were issued without any public offering in accordance with Section 4(2) of the Securities Act of 1933, as amended.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

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 ANNUAL REPORT THAT ARE NOT STATEMENTS OF HISTORICAL OR CURRENT FACT CONSTITUTES "FORWARD-LOOKING STATEMENTS."

The following management discussion should be read together with the Stem Cell Therapy International, Inc. consolidated financial statements included in this annual report. See "Index to Consolidated Financial Statements" at page F-1. 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, the Company (then Altadyne), acquired Stem Cell Therapy International Corp., a Nevada corporation ("Stem Cell Florida") in what was effectively a reverse acquisition. Following the transaction, Stem Cell Florida became a wholly owned subsidiary of the Company, and Stem Cell Florida's shareholders became shareholders of the Company. On October 5, 2005, the Company changed its name to Stem Cell Therapy International, Inc. to reflect the new business of the Company. This transaction is accounted for as a reverse merger, with Stem Cell Florida treated as the accounting acquirer for financial statement purposes.

Stem Cell Florida was incorporated in Nevada on December 2, 2004. Following the reverse acquisition, the Company assumed and is continuing the operations of Stem Cell Florida. The Company's executive management team are: Calvin C. Cao, Chairman and Chief Executive Officer (subsequent to year end, submitted his resignation), David Stark, President, 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 initially devoted 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 March 31, 2008, we had a working capital deficit of $820,951 and an accumulated deficit from operations of $1,969,717. As noted in the independent audit report for the audited Stem Cell Therapy International, Inc. financial statements for the period from inception to March 31, 2008, these factors raise doubt about the ability of the Company to continue as a going concern. Realization of the Company's business plan is dependent upon the Company's ability to meet its future financing requirements, and the success of future operations. This is because we have not generated substantial revenues since inception. Our only other source for cash at this time is through investments or loans from management. We must raise cash to implement our project and stay in business.

On March 10, 2008, the Company entered into a Reorganization and Stock Purchase Agreement and its amendments (the "Agreement") with Histostem Co., Ltd., a Korean company ("Histostem"). Pursuant to the Agreement (as subsequently amended), the Company will acquire 90% of the issued and outstanding stock of Histostem, and Histostem's shareholders will acquire a controlling interest in the Company. The original definitive agreement called for closing of the acquisition by April 30, 2008. Subsequent to Closing, the Company will be held approximately 60% by Histostem and 40% by the existing shareholders of the Company. Upon completion of the acquisition, the Company will be renamed AmStem International Corp., increase the authorized number of shares to 500,000,000 and seek a new symbol on the over-the-counter bulletin board.

On April 22, 2008, the Company amended the Agreement to state that Histostem shall have received funding at the date of the actual closing at a minimum of 2 million dollars towards the initial round of funding of at least 10 million dollars. Subsequent to that amendment, the actual closing deadline of April 30, 2008 was no longer in effect.

On June 19, 2008, the Company entered into a second Amendment to the Reorganization and Stock Purchase Agreement. In accordance with the terms of this second Amendment, the Company and Histostem issued and delivered shares reflecting the acquisition of Histostem into Escrow by the Company pending resolution of outstanding litigation between Histostem Korea and Histostem, Inc. (a United States corporation unrelated to Histostem) ("Histostem USA"). This essentially effectuates an immediate closing of the Histostem acquisition. In the Amendment the parties also agreed to complete a one for three reverse stock split of the Company's common stock. That reverse stock split will be completed after filing, mailing and completion of a 14C Information Statement to the Company's shareholders and appropriate notice and filings with the NASD.

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, which ever is more evident on the day that the transactions are executed. The certificates must be issued subsequent to the transaction date.

We apply Staff Accounting Bulletin No. 104 "Revenue Recognition" ("SAB No. 104") to our revenue arrangements. Currently, our only revenue transactions derive from the licensing of stem cell technology, the sale of stem cell products, and providing informational and referral services; we have no plans to enter into any other revenue transaction in the near future. In accordance with SAB No. 104, we recognize revenue related to these licenses, sales and services upon delivering the license or product, or rendering the services, respectively, 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 March 31, 2008 and for the years March 31, 2008 and 2007

We had revenue of $132,960 during the year ended March 31, 2008 as compared to $345,510 of revenue for the comparable period in 2007. Revenues during 2008 reflected the treatment of four patients and nine patients were treated during the same period ended 2007.

Our cost of goods sold for the stem cell biological material delivered during the year ended March 31, 2008 was $52,268 as compared to $289,993 for the same period ended 2007. The decrease in cost of goods sold is due to the decreased number of treatments and during the year ended March 31, 2007, a $116,000 charge for an additional payment made to ICT for not meeting the contractual minimum purchase requirement, which, due to ICT's failure to be able to deliver the product, has caused the minimum purchase requirement to be terminated.

Gross margin for the year ended March 31, 2008 was $80,692 as compared to $55,517 for the year ended March 31, 2007. Gross margin as a percentage of revenue for the year ended March 31, 2008 was 61% as compared to 16% for the year ended March 31, 2007. The increased gross margin is primarily due to using alternative vendors for treatment supplies and the Company did not enter into any agreements with a minimum purchase requirement.

Selling, general and administrative expenses increased $944,548 or 132% to

$1,658,775 for the year ended March 31, 2008 as compared to $714,227 for the year ended March 31, 2007. Selling, general and administrative expenses for the year ended March 31, 2008 primarily consists of the following items:

- Payroll expense was $227,296 for the year ended March 31, 2008, which is an increase of $51,091 over the year ended March 31, 2007. This increase was due to the Board of Directors approval of salary increases for the two executives and the addition of a Chief Financial Officer.

- Professional fees-legal and accounting amounted to $496,594 for fiscal year 2008 as compared to $92,244 for fiscal year 2007. The increase in legal and accounting was due to the Company performing due diligence for potential merger candidates and the addition of another legal firm to assist the Company during the year ended March 31, 2008.

- Professional fees-consulting amounted to $701,456 for the year ended March 31, 2008 as compared to $357,282 for 2007.

  During the year ended March 31, 2008, the Company issued 3,000,000 shares of common stock valued at $390,000 for investor relations; this contract was terminated in February The Company is currently involved in a legal dispute over the payment and performance of the consulting agreement. The Company contends that the contract never became effective, and therefore the consultant was not entitled to receive compensation. The consultant contends that the Company and its representatives induced them to begin performance of the services early, based on certain promises. The Company currently holds the stock certificates and intends to vigorously defend its position however, the outcome of the proceedings cannot be determined.

Our net loss for the year ended March 31, 2008 was $1,579,717 as compared to $657,046 during the same period in 2007. The loss primarily reflects increases in payroll expenses, professional fees and stock compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial statements have been prepared assuming that the Company will continue as a going concern. For the year ended March 31, 2008 and the period since December 2, 2004 (date of inception) through March 31, 2008, the Company has had a net loss of $1,579,717and $2,769,165, respectively and cash used by operations of $168,708 and $455,330, respectively, and negative working capital of $430,576 at March 31, 2008.

As of March 31, 2008, the Company has not emerged from the development stage. In view of these matters, recoverability of recorded asset amounts shown in the accompanying financial statements is dependent upon the Company's ability to begin significant operations and to achieve a level of profitability. Since inception, the Company has financed its activities principally from shareholder advances and some relatively minor sales of equity securities (as set forth below). The Company intends on financing its future development activities and its working capital needs largely from the sale of equity securities until such time that funds provided by operations are sufficient to fund working capital requirements.

Effective June 27, 2007, the Company entered into an agreement with Newbridge Securities, Corp. ("Newbridge") to assist the Company on a "best efforts" basis in raising approximately $250,000 in a private offering of up to 2 million shares of restricted common stock at a price of $.125 per share.

On March 10, 2008, the Company entered into a Reorganization and Stock Purchase Agreement and its amendments (the "Agreement") with Histostem Co., Ltd., a Korean company ("Histostem"). Pursuant to the Agreement (as

subsequently amended), the Company will acquire 90% of the issued and outstanding stock of Histostem, and Histostem's shareholders will acquire a controlling interest in the Company. The original definitive agreement called for closing of the acquisition by April 30, 2008. Subsequent to Closing, the Company will be held approximately 60% by Histostem and 40% by the existing shareholders of the Company. Upon completion of the acquisition, the Company will be renamed AmStem International Corp., increase the authorized number of shares to 500,000,000 and seek a new symbol on the over-the-counter bulletin board.

On April 22, 2008, the Company amended the Agreement to state that Histostem shall have received funding at the date of the actual closing at a minimum of 2 million dollars towards the initial round of funding of at least 10 million dollars. Subsequent to that amendment, the actual closing deadline of April 30, 2008 was no longer in effect.

On June 19, 2008, the Company entered into a second Amendment to the Reorganization and Stock Purchase Agreement. In accordance with the terms of this second Amendment, the Company and Histostem issued and delivered shares reflecting the acquisition of Histostem into Escrow by the Company pending resolution of outstanding litigation between Histostem Korea and Histostem, Inc. (a United States corporation unrelated to Histostem) ("Histostem USA"). This essentially effectuates an immediate closing of the Histostem acquisition. In the Amendment the parties also agreed to complete a one for three reverse stock split of the Company's common stock. That reverse stock split will be completed after filing, mailing and completion of a 14C Information Statement to the Company's shareholders and appropriate notice and filings with the NASD.

In April 2008, the Company entered into a consulting agreement with Mirador Consulting, Inc. to provide management consulting services for three months. The Company has agreed to issued 200,000 shares of common stock valued at $25,000.

In April 2008, the Company entered into a consulting agreement with Hunden Consulting Group to provide investor relations services for one year. Fees shall be paid to the consultant only if the consultant introduces the Company, in writing, to a third party investor or merger candidate, then the fees shall equal 10% of the total investment or loan to the Company and if a merger transaction occurs between the Company and a party introduced by the Consultant, the Consultant would be entitled to receive a 5% commission.

On May 28, 2008, the Company entered into a consulting agreement with Shea Financial, LLC to provide fund raising services for a term of three months in exchange for the right to purchase 500,000 shares of common stock at $0.05 per share upon a funding commitment to the Company of at least $10 million from consultant funding and $2,500,000 at the closing. To date, the Company has not received any funding under this agreement.

On June 5, 2008, the Company entered into an agreement with Ventana Group to extend a Credit Facility of up to $2,500,000 in bridge financing. The loan will mature the sooner of 180 days from the date of funding with interest accruing at a rate of 1.25% and principal and interest due at maturity. Ventana has the option to convert all or any portion of the loan to equity, with the conversion terms to be determined at a later date. The Company has agreed to pay Ventana a 5% loan fee based on the amount of the draw down on the credit facility and to issue a warrant to purchase shares of common stock equal to 25% of the loan commitment ($2,500,000). The number of warrants and strike price shall be determined using the 45 day average trading price per share of the stock at the time of execution, less a 10% discount. The warrant will be exercisable for 3 years from the date of issuance. As of the date of this filing, no funding has been received, nor can there be any assurance regarding

the closing of this funding.

On June 12, 2008, the Company sold 388,889 shares of common stock along with an option to purchase an additional 722,222 shares of common stock at $0.09 per share to an accredited investor for an aggregate price of $35,000.

Subsequent to year end, the Company borrowed money from related parties totaling $45,000. The notes are due on demand and bear interest at 7% per year.

Seasonality

As a result of the Company's limited operating history and the emerging nature of the biotechnological markets in which it competes, the Company is unable to accurately forecast its revenues. The Company's current and future expense levels are based largely on its investment plans and estimates of future revenues and are to a large extent fixed and expected to increase.

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.

NEW ACCOUNTING PRONOUNCEMENTS

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities", which permits an entity to measure certain financial assets and financial liabilities at fair value. Under SFAS 159, entities that elect the fair value option will report unrealized gains and losses in earnings at each subsequent reporting date. The fair value option may be elected on a instrument-by-instrument basis, with a few exceptions, as long as it is applied to the instrument in its entirety. The fair value option election is irrevocable, unless a new election date occurs. SFAS 159 establishes presentation and disclosure requirements to help financial statement users understand the effect of the entity's election on its earnings but does not eliminate disclosure requirements of other accounting standards. Assets and liabilities that are measured at fair value must be displayed on the face of the balance sheet. SFAS 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. The Company does not expect the adoption of SFAS 159 to have a material impact on the financial statements.

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141 (revised 2007), Business Combinations, which replaces SFAS No 141. The statement retains the purchase method of accounting for acquisitions, but requires a number of changes, including changes in the way assets and liabilities are recognized in the purchase accounting. It also changes the recognition of assets acquired and liabilities assumed arising from contingencies, requires the capitalization of in-process research and development at fair value, and requires the expensing of acquisition-related costs as incurred. SFAS No. 141R is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008.

In December 2007, the FASB issued SFAS No. 160. "Noncontrolling Interests in Consolidated Financial Statements-and Amendment of ARB No. 51." SFAS 160 establishes accounting and reporting standards pertaining to ownership interests

in subsidiaries held by parties other than the parent, the amount of net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of any retained noncontrolling equity investment when a subsidiary is deconsolidated. This statement also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. The adoption of SFAS 160 is not currently expected to have a material effect on the Company's financial position, results of operations, or cash flows.

In March 2008, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities. The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The company is currently evaluating the impact of adopting SFAS. No. 161 on its financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles." The current GAAP hierarchy, as set forth in the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standard No. 69, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles, has been criticized because (1) it is directed to the auditor rather than the entity, (2) it is complex, and (3) it ranks FASB Statements of Financial Accounting Concepts. The FASB believes that the GAAP hierarchy should be directed to entities because it is the entity (not its auditor) that is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP. Accordingly, the FASB concluded that the GAAP hierarchy should reside in the accounting literature established by the FASB and is issuing this Statement to achieve that result. This Statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. The adoption of SFAS No. 162 is not expected to have a material impact on the Company's financial position.

Other recent accounting pronouncements issued by the FASB (including its EITF), the AICPA, and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

ITEM 7. FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Stem Cell Therapy International, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheet of Stem Cell Therapy International, Inc and Subsidiary as of March 31, 2008 and 2007 and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the years then ended, and for the period from December 2, 2004 (date of inception) through March 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Stem Cell Therapy International, Inc. and Subsidiary as of March 31, 2008 and 2007 and the consolidated results of their operations and their cash flows for the years then ended and for the period from December 2, 2004 (date of inception) through March 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that Stem Cell Therapy International, Inc. and Subsidiary will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company incurred significant losses and used cash in operating activities during the year ended March 31, 2008, and had a deficit in working capital at March 31, 2008. These factors, among others as discussed in Note 2 to the consolidated financial statements, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Aidman, Piser & Company, P.A.
Tampa, Florida
July 14, 2008

Stem Cell Therapy International, Inc. and Subsidiary
(a development stage enterprise)
CONSOLIDATED BALANCE SHEETS

	March 31,	
	2008	2007
ASSETS		
Current assets:		
Cash	$ 2,387	$ 27,905
Inventory	-	5,988
Prepaid expenses	358,738	47,317
Total current assets	361,125	81,210
Certificate of deposit, restricted	-	3,919
Deposits	2,169	2,169
Prepaid expenses	10,792	51,209
Total assets	$ 374,086	$ 138,507
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 126,670	$ 62,875
Accrued expenses	99,000	75,000
Accrued payroll and payroll related expenses	358,831	170,557
Deferred revenue	-	50,000
Stockholder advances	-	48,753
Due to related p		