Stem Cell Therapy International, Inc.
Form 10SB12G/A
January 19, 2007

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

AMENDMENT NO. 3

FORM 10-SB

GENERAL FORM FOR REGISTRATION OF SECURITIES
OF SMALL BUSINESS ISSUERS
Under Section 12(b) or (g) of The Securities Exchange Act of 1934

STEM CELL THERAPY INTERNATIONAL, INC.
(Name of Small Business Issuer in its charter)

NEVADA
(State or other jurisdiction of incorporation or organization)

88-0374180
(I. R. S. Employer Identification No.)

2203 N. LOIS AVENUE, 9TH FLOOR, TAMPA, FL 33607
(Address of principal executive offices) (Zip Code)

(Issuer's telephone number) (813) 600-4088

Securities to be registered pursuant to Section 12(b) of the Act:

None

Securities to be registered pursuant to Section 12(g) of the Act:

Common Stock, $0.001 par value

(Title of Class)

1

TABLE OF CONTENTS

ITEM 1. DESCRIPTION OF BUSINESS.

COMPANY HISTORY

Stem Cell Therapy International, Inc. (the "Company") is 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 Sell 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 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). Pursuant to the agreement, the Company issued 22,500,000 shares of Altadyne, Inc. common stock to R Capital in exchange for $125,000.

On September 1, 2005, Stem Cell Florida acquired the Company (then Altadyne, Inc.) from R Capital by way of a reverse acquisition. 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.

COMPANY AND BUSINESS OVERVIEW

The Company's executive management team are: Calvin C. Cao, Chairman and Chief Executive Officer; Daniel J. Sullivan, Chief Financial Officer; and Peter K. Sidorenko, Chief Operating Officer. The Company's affiliate, ICT, also has the following officers: Dr. Yuriv Gladkikh, Chief Scientist; Dr. Galina Lobyntseva, Chief of Manufacture; Sergei Martynenko Director of Clinic in Kiev; Dr. Vladimir Gladkikh, Medical Director; and Dr. Dimitriy Lobyntsev, Director of Research. Although these persons are not employees of the Company, we consider them vital to the success of our company.

We are 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. The Company has established agreements with highly specialized, professional medical treatment facilities around the world in locations where Stem Cell Transplantation therapy is approved by the appropriate local government agencies.

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

Our mission is 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 are independent consultants.

4

In the future we plan to introduce a number of different cures and treatments, and develop vertical markets in all aspects of stem cell use, which will improve the quality of life for thousands of patients around the world, much sooner than later.

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 page 15 for a more complete discussion.

Our research and biological productions affiliate facility is located in Kiev in the Republic of the Ukraine. This facility is the main location for the members of our SCTI European Scientific and Medical Advisory Board and serves as a working affiliate treatment facility as well.

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 an affiliate treatment facility in Tijuana, Mexico, we currently have a Treating Physicians Agreement with Dr. Vargas and Dr. Quintero to treat patients that we refer at the Tijuana clinic.

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.

5

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 have obtained licenses for stem cell technology and essentially act as a "middle man" between stem cell product suppliers, clinics, and patients. Our stem cell products are presently manufactured only by Institute of Cell Therapy ("ICT"). We have a License Agreement with ICT with respect to distribution of their biological solution of stem cell materials in many countries of the world, but we have to date focused only on countries which allow use of such products.

To date, we have referred patients to ICT for treatment at their Kiev, Ukraine facility. We have also referred patients to a facility in Tijuana, Mexico. We have an affiliate agreement with the Institute of Cell Therapy, which is the treatment facility in Kiev, Ukraine as well as an affiliate agreement with the treatment facility in Tijuana, Mexico. Both 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 ICT for use by the local clinics in 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 two independent clinics for referrals of our patients.

Accordingly, our primary source of revenue comes from: (1) providing referral services, including information and education services, to patients, and (2) supplying the clinic with 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. Other than the ICT facility in Kiev, we have negotiated with the Tijuana clinic 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 receives 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 at our affiliate clinics in Kiev, Ukraine and Tijuana, Mexico. 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 in the case of the Kiev facility would be simply to have ICT supply the product locally). 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. Instead, we have entered into a License Agreement with the Institute of Cell Therapy ("ICT") in Kiev, Ukraine. The License operates as both a license to use ICT's intellectual property, and as a distribution agreement. Pursuant to the agreement, we purchase stem cell materials from ICT, and sell the solutions to affiliated clinics. The material terms of the License Agreement are explained in greater detail below. We only provide stem cell products to clinics in Kiev and Tijuana (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.

7

Our mission is to make available its 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. We also intend to provide these products in the United States to universities, institutes and privately funded laboratory facilities for research purposes and clinical trials, to the extent allowed by United States law.

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 Transplantaion 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.

8

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/Brain_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/

The Company's stem cell transplants do not require immunosuppressant medications after treatment. This methodology is patented in Russia and in the Ukraine in licenses held by the Company. The Company has not discovered a new procedure of Stem Cell Transplantation, but is using technology which has been in existence for some period of time.

The Company utilizes a patented method to prepare Stem Cell Transplants of any of the approximately 200 kinds of cells for clinical use, which can be implanted with safety and without the need for immunosuppression medication to prevent rejection of stem cells.

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.

10

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)

HEALTHY STEM CELLS

Healthy stem cells circulate and are attracted to damaged or injured cells
Chemokine Receptors

[GRAPHIC OMITTED]

BASIC STEM CELL CYCLE

[GRAPHIC OMITED]

[GRAPHIC OMITED]

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)

[GRAPHIC OMITED]

13

[GRAPHIC OMITED]

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.

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,

14

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.

COMPANY STRATEGY

Stem Cell Therapy International, Inc. is currently earning revenue from stem cell sales outside of the United States, as it has done since 2005. The Company plans to expand its global operations to meet expanding market needs. Growth plans include:

- Expansion of indirect manufacturing capability, by acquiring additional licenses from cryobanks worldwide

- Establishment of "showcase" treatment clinics: We intend to establish additional treatment clinics, either by creating additional affiliations with independent clinics or by setting up and directly running our own clinics. We intend for each clinic to become a source of both company and revenue growth, and also literally a "showcase" to demonstrate the efficacy, safety, and overall benefits of our products and Stem Cell Transplantation generally. To accomplish these goals, the Company will hold these clinics to the highest standards of quality patient care.

- Increased sales to clinics and physicians globally: We intend to create additional affiliations with treatment facilities and clinics in lawful jurisdictions where stem cell transplantation therapy is permitted by the appropriate government agencies. We will refer patients to these clinics as well as provide the supply of stem cell products to treat these patients.

- Increased sales of our stem cell products to university and private laboratories globally, for use in research and clinical studies. We intend increase sales by teaming up with global distributors of life science products

and focus on the sales and distribution of the biological solutions created at ICT to be used for research and development programs at universities and private laboratory facilities.

- Joint Ventures with Ministries of Health in different countries: We will set up partnerships with different Ministries of Health that will allow stem cell transplantation in their jurisdiction by trained medical professionals and treating physicians. We will supply the stem cells and refer patients to be treated in those countries as per our agreements.

- Expansion of involvement with research and development activities: Our affiliates will continue to develop new stem cell products, and we will continue to seek licenses for newly developed technology

- Increasing patent portfolio: We currently hold rights to 26 patents registered in the Ukraine, pursuant to a License Agreement between the Company and ICT. We intend to apply for patents based on the technologies behind these 26 Ukrainian patents in other countries, including the United States. As part of this endeavor, we will seek to acquire technologies from government health agencies. We currently plan to work with the National Institute of Health in the United States, and will consider working with additional government health agencies in the future.

- Licensing of technology to appropriate partners: Where appropriate and in the best interest of the Company, we will enter into License Agreements with various partners to allow them use of our intellectual property.

The Company was created to serve as a legal and distribution entity for an ongoing project of stem cell transplantation by a group of physicians-experts in this field from various western and eastern countries. The Company provides stem cell solutions that are currently being used in the treatment of patients suffering from degenerative disorders of the human body. The Company has established agreements with highly specialized, professional medical treatment facilities around the world in locations where stem cell transplantation therapy is approved by the appropriate local government agencies. The Company intends to provide these biological solutions containing stem cell products in the United States as well, to universities, institutes and privately funded laboratory facilities for research purposes and clinical trials.

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, April 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 Anemi

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 and Tijuana, Mexico 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 two patients for treatment to the Kiev clinic: one stroke patient and one multiple sclerosis patient.

20

LICENSE AGREEMENT WITH INSTITUTE OF CELL THERAPY

In September, 2005, the Company acquired Stem Cell Therapy International Corp., a Nevada Corporation ("Stem Cell Florida"), which became a wholly-owned subsidiary of the Company and is currently the Company's operational business. In doing so, the Company acquired the entirety of Stem Cell Florida's intellectual property, which most significantly included a License Agreement with the Institute of Cell Therapy, a Kiev, Ukraine corporation ("ICT"), the material terms of which are as follows:

Effective August 5, 2005, Stem Cell Florida entered into a licensing agreement with ICT. ICT is the owner of: (1) a unique process for producing biological solution of human stem cells (the "Process"); (2) 26 Patents related to stem cell transplantation (the "Patents"); and (3) products consisting of biological solution of human stem cells (the "Products"). ICT is in the business of producing biological solution of human stem cells and engages in continuing research regarding the production and utilization of stem cells.

In accordance with the license agreement, Stem Cell Florida obtained exclusive utilization in all but the Ukraine, Dominican Republic and three other countries of the world (to be designated by ICT) of the Patents, the Products and the Process of ICT for establishing clinics, marketing, treating and administering stem cell products to customers, and selling certain limited amounts to universities, for research or to private labs.

The licensing agreement also functions effectively as a distribution agreement pursuant to which Stem Cell Florida purchases stem cell materials for delivery to patients from ICT. Stem Cell Florida has a fixed pricing arrangement with ICT and an exclusivity to the supply of those products provided Stem Cell Florida meets certain annual minimums. 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 an irrevocable letter of credit at the rate of $2,000 for every portion less than the minimum required purchase. The Company has provided ICT with a $120,000 irrevocable letter of credit in ICT's favor for the first three year's of the agreement. In the event the letter of credit is drawn upon, the Company agrees to replenish the letter of credit to the extent of any such draws.

The license agreement extends for ten years and may be renewed for an additional ten year period. In consideration for the license agreement, Stem Cell Florida issued 5,000,000 shares of common stock to ICT, which we valued at $5,000, and which are subject to resale restrictions and limitations.

Stem Cell Florida recorded the $5,000 as a prepaid expense to be amortized over the 120 month life of the agreement at $47.67. When the Company acquired Stem Cell Florida, the Company re-classified the prepaid balance to show only one year's worth of prepaid expense, with the remaining balance appearing as a long-term item.

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. Kiev, Ukraine: Institute of Cell Technology,

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

The clinics in Kiev, Ukraine and Tijuana, Mexico are independently owned and operated. We have no ownership and we do not treat any patients. Our affiliate clinics license our stem cell technology and we provide them with stem cell products to treat 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's affiliate has developed and patented a 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.

23

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

The ICT Lab in Kiev has developed and received a number of patents for the preparation, cryo-preservation and the thawing process for biological material which results in a 99% survival rate of the original biological mass. It is a unique process developed by ICT and the technology is licensed to us for a period of 10 years with an option to renew for another 10 years.

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 us to create the supplies of high-quality cryogenically-preserved embryonic stem cells, tissue preparations and extracts for clinical application. We have developed a 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.

We have developed a system with our Kiev affiliate that is based on total confidentiality, provides production of biological preparations in accordance with the necessary requirements concerning the selection, preparation for storage, storage and distribution of preparations for use in various medical institutions.

The scientists, directors, executives and doctors at ICT, our affiliate in the Ukraine, have a proven track record of more than 25 years in developing, manufacturing, delivering worldwide and practically applying stem cell transplants therapies. In 1981, ICT patented its first stem cell treatment technology, and has been applying its processes ever since. Even before then, ICT had obtained several patents relating to the preservation of various cell

and tissue types. To date, they have patented and practically applied 26 technologies regarding stem cells and related biological processes. To the best of the Company's knowledge, most other stem cell research facilities have yet to apply stem cell technology to actual medical practice; unlike most of its competitors, our affiliate's experience with the practical application of its stem cell transplants extends beyond research and development.

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 license the technology that results from Research and Development activities performed by ICT, our affiliate in the Ukraine, and possibly the technology that results from such activities by other affiliates or other independent companies in the future. ICT currently has a number of related projects that are currently under development or contemplated for the near future. They are as follows:

1. ARTIFICIAL ORGANS:

Stem cell transplants prepared by our method of primary cell culture are used with a bio-polymer base to produce artificial organs. All stem cell transplants could be turned into an artificial organ (individual specific organs that are grown outside of the human body). This project is still in the planning stage, and ICT has yet to substantially commence this project.

2. BIOLOGICALLY ENHANCED BIO-POLYMER MATERIALS FOR SURGERY:

- Bio-degradable bio-polymers used together with an osteogenetic (bone-producing) combination of stem cell transplants.
- Foam hydro gel used together with a chondrogenetic (cartilage-producing) combination of stem cell transplants.
- Foam hydro gel used together with a soft tissue combination of stem cell transplants.

This project is still in the planning stage, and ICT has yet to substantially commence this project

3. TOPOLOGICAL STEM CELL TRANSPLANTS FOR BURN VICTIM PATIENTS AND COSMETIC SURGERY.

Stem cells are transplanted topologically (outside the skin) onto burn victims and other cosmetic surgery patients. This project has already been developed and tested on one burn patient, as described and illustrated above in the section entitled "Illustrations of Stem Cells and How They Work." We have filed one provisional patent in the United States for the use of this stem cell-based topological cream.

MARKETING AND PROMOTION

The Company intends to offer the Clients a compelling proposition with the potential to be quite valuable for many patients with degenerative conditions: our product offers a potential solution when all traditional medical options have been exhausted. The Company seeks to increase the number of Clients that make a purchase, to encourage repeat visits and purchases and to extend Client retention. Loyal, satisfied Clients also generate word-of-mouth advertising and awareness, and are able to reach thousands of other Clients and potential

Clients because of the reach of on-line communication. The Company plans to employ a variety of media, program and product development, business development and promotional activities to achieve these goals. We put out periodic Press Releases on our activities that are distributed by MacReport to numerous on-line publication sites as well as printed magazines, newspapers and newsletters. In addition, we have an on-line distribution network that sends these releases to subscribed potential patients, medical practitioners, patient networks and associations (such as the StrokeNetwork, Different Strokes, and Multiple Sclerosis Society). Finally, by invitation of these same organizations, we have participated in various on-line "chat" seminars organized by these organizations to help educate and answer questions on stem cell transplantation therapy.

Our marketing strategy will emphasize some basic directives to keep us focused on our business model. The Plan and its implementation are described below:

- The Company's clinics will be used as labs to develop the stem cell transplantation therapies, be a training facility for other doctors and a base for our Tele-Medicine and web based Support Application.

- Our goal is to cause the medical practitioners and clinics to network together and propose stem cell transplantation to their patients as an alternative regenerative medical procedure. We plan to achieve this goal by continuing to develop the information available on our online distribution network, by participating in further online seminars, and by any other means at our disposal to increase awareness of stem cell therapy as an alternative to traditional medicine.

- A related goal is to spread awareness of stem cell therapy to patients. Many of our future patients may be totally unaware of the existence of stem cell transplantation as a treatment and its many benefits. Many of them are desperately seeking alternative treatment for their diseases, or have already given up hope, as modern medicine failed them. Many have formed groups or joined organizations, which are seeking help. Many are looking for anti-aging therapies and need to be aware of the advantages of stem cell transplantation in this context. All of our efforts outlined in this section are intended to achieve this goal.

- Our marketing team will establish contact with existing patient organizations. This direct marketing approach will be done on a

country-by-country basis, starting with Germany, which will be a springboard into Europe and other countries, especially the United States. There is currently no set plan as to which countries our team will establish our marketing efforts in first. We will consider each country, region, or particular organization and make an individualized determination as to where our marketing efforts should focus after establishing themselves in Germany.

- Our marketing team will work directly with local specialists, ensuring an efficient and rapid introduction in each country. Our team will develop a marketing plan on a case-by-case basis, tailored to the particular culture, demand, and laws of each country or region.

- Our website is connected to various internet search engines in order to maximize exposure.

- In conjunction with accredited specialists in Information Technology, we will set up a complete across-the-board computer-controlled logistics data bank system. This system will be based in our affiliated clinics. It will cover the steps of the process from order through manufacture, delivery and treatment, concluding with follow-up records, always assuring patient privacy. Patients and physicians will also be able to trace the procedure of timing and shipping for their own preparations on the Internet.

Doctor and Clinic Support Services

The Company believes that a key objective is an ability to establish and maintain long-term relationships with its doctors and clinics throughout the world. The Company's planned team of customer support and service personnel will be responsible for handling the education and training of doctors on our Stem Cell Transplantation therapies and procedures. Doctor and clinic inquiries and support will be addressed as part our global operations. The Company plans to offer "Toll Free" phone numbers and through our website a Physician or patient can research available therapies and how to contact us. The Company plans to automate certain tools used by its Customer Support and Service staff and intends to actively pursue enhancements to and further automation of its Customer Support, Service and Operations.

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.

The Company's business model is not just to provide a referral service, but to combine all aspects of the above mentioned areas in order to provide value-added services to our patients with a minimum operating investment by the Company. We plan to accomplish this by continuing to enter into various licensing and treatment agreements with affiliate clinics and hospitals. We will select which clinic and hospital facility we contract with based on the resources available, IP and services that they each have available. This will allow us to be able to have a number of global affiliate treatment facilties that, when combined, provide the Company with all of the following value-added services:

- Review and analysis of patient medical information
- Recommendation of treatment protocols
- Treatment of patients at multiple international locations
- Provide the stem cell biological solution to be used at our affiliate treatment facilities
- Provide long-term tracking of patient's medical condition for data collection and medical abstract development

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.

At the initial filing of this Registration Statement on Form 10-SB, the Company had two affiliate treatment facilities outside of the United States: Kiev, Ukraine and Tijuana, Mexico.

As part of our business model, we will continue to add and at times, remove, affiliate treatment facilities that we do business with as per the needs of the Company.

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.

LEGAL PROCEEDINGS

The Company is not involved in any legal proceedings and is not aware of any pending or threatened claims.

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.

INTELLECTUAL PROPERTY

Currently, we have the rights to 26 patents, filed in the Ukraine and other countries, pursuant to our License Agreement with ICT. These patents concern the production, storage, preservation, and practical application of stem cells. Our agreement with ICT is for 10 years, and is renewable for another 10 years. The following information reflects the status of the patents as of the date hereof, and the countries where they are recognized. Some of these patents were originally issued by the former Soviet Union, but are now recognized by the countries listed. These patents are as follows:

1. Patent 560613. The method of erythrocytes preservation, 1977 (granted), 1975 (applied for), Russia
2. Patent 645633. The method of blood leukocytes preservation, 1978, 1977, Russia
3. Patent 825081. The method of blood leukocytes preservation, 1981, 1979, Russia

4. Patent 1 017251. The method of human ovary tissue preservation, 1981, 1979, Russia
5. Patent 1410954. The method of treatment of anemia's in pregnant woman 1983, 1981, Russia
6. Patent 13709. The method of treatment of anemia's in pregnant woman, 1997, 1997, Ukraine

7. Patent 1402781. The container for freezing of biological objects 1988, 1985, Russia
8. Patent 8457. The container for freezing of biological objects 1997, 1997, Ukraine
9. Patent 1 706502. The method of preservation of human embryonic liver hemopoietic cells, 1988, 1986, Russia
10. Patent 13687. The method of preservation of human embryonic liver hemopoietic cells, 1991, 1989 Ukraine
11. Patent 1734621. Cryo-protector of hemopoietic cells, 1997, 1989, Russia
12. Patent 16859. Cryo-protector of hemopoietic cells, 1995, 1993 Ukraine
13. Application 93080788. The method of human immunodeficiency virus treatment (HIV), 1995, 1993, Ukraine
14. Application 93090874 The method of treatment of cytostatic disease, 1997, 1995, Ukraine
15. Application 93251432. The method of treatment of pancreatic diabetes, 1995 Ukraine
16. Application 93121711. The method of treatment of aplastic anemia's, 1994, Ukraine
17. Application 95125139. The method of prevention of an acute radiation sickness in lethally radiated animals, 1993, Ukraine

18. Patent 22981. The method of treatment of cerebral motional defects in patients who have undergone craniocerebral injury 1997, 1993 Ukraine
19. Patent 46673 . The method of cryo preservation of human hemopoietic cells 1997, 1995, Ukraine

20. Patent 2233589. The method of cryo preservation of human hemopoietic cells, 2004, 2002, Russia
21. Patent 46675 A. The way of low-temperature cell bank operation, 2003, 2002, Ukraine
22. Patent 52502 A. The method of therapy of prostate gland cancer, 2003, 2002, Ukraine
23. Patent 56085 A. The method of obtaining a preparation of suspension of placenta cells, 2003, 2003, Ukraine
24. Patent 59096 A. The method of biological preparations obtained from placenta (variants), 2003, 2003, Ukraine
25. Patent 60238 A. The cryo-preservative content of hemopoietic cells of donor's cord blood and its components, 2003, 2003, Ukraine
26. Patent 63844 A. Device for registration of processes in biological tests, 2003, 2003, Ukraine

32

In addition, we currently have two provisional patent filings in the US:

- U.S. P&T Office Provisional Patent filing; Docket # 06011197, Customer # 26565. "STEM CELLS TO TREAT AND/OR PREVENT SYMPTOMS OF AVIAN INFLUENZA AND OTHER DISEASES IN MAMALS AND OTHER ANIMALS"

- U.S. P&T Office Provisional Patent filing; Docket # 06061413, Customer # 26565. "COMPOSITION AND METHODS OF TREATING BURN VICTIMS USING STEM CELLS."

The Company is pursuing the registration of its trademark and service mark in the U.S. and internationally, and has applied for the registration of its "Cells For Life" trademark in China and the US. Effective Patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which the Company's products and services are made available.

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.

EMPLOYEES

As of December 31, 2005, the Company employed eight full-time employees, and no other employees. 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.

33

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 commenced operations upon execution of an exclusive global Licensing Agreement with Institute of Cell Therapy (ICT). Accordingly, 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 may 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 Chairman/CEO, Calvin C. Cao, Chief Financial Officer, Daniel J. Sullivan, and U.S. Chief Operations Officer, Peter K. Sidorenko. 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 has long-term employment agreements with its executive officers and maintains "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.

36

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.

CONTROL OF THE COMPANY: The Company's founders; Mr. Calvin Cao, Global Capital Corp, together with Institute of Cell Therapy and the balance of the Company's management, hold at least 51% percent of the outstanding voting power of the Company. As a result, the founders and management will be able to (i) elect, or defeat the election of, any of the Company's directors, (ii) amend or prevent amendment of the Company's Restated Articles of Incorporation or Bylaws, or (iii) affect or prevent a merger, sale of assets or other corporate transaction.

The extent of ownership by the founders and the management may have the effect of preventing a change in control of the Company or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company, which in turn could have an adverse effect on the market price of the Common Stock.

NO ASSURANCE OF PUBLIC MARKET FOR COMMON STOCK, POSSIBLE LACK OF MARKET MAKERS; VOLATILITY. Although the Company's stock is currently quoted on the pink sheets, 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

37

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 patients 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.

DEPENDENCE ON LICENSE AGREEMENT. Our business depends on our relationship with ICT who is the principal supplier of stem cell biological solution that we use with our patients and clients. Although we believe that alternative sources of product are available, the loss of this supplier would have a material adverse effect on our business, financial condition and results of operations.

LOSS OF FINANCING. 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.

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

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 REGISTRATION STATEMENT THAT ARE NOT STATEMENTS OF HISTORICAL OR CURRENT FACT CONSTITUTE "FORWARD-LOOKING STATEMENTS."

The following management discussion should be read together with the Stem Cell Therapy International, Inc. financial statements included in this registration statement See "Index to 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, Daniel J. Sullivan, Chief Financial Officer, and Peter K. Sidorenko, Chief Operating Officer. The Company's affiliate in the Ukraine also has the following non-executive officers: Dr. Yuriv Gladkikh, Chief Scientist; Dr. Galina Lobyntseva, Chief of Manufacture; Sergei Martynenko, Director of Clinic in Kiev; Dr. Vladimir Gladkikh, Medical Director; and Dr. Dimitriy Lobyntsev, Director of Research. Although these individuals are not employees of the Company, we consider them vital to the success of our business.

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

39

We have established agreements with highly specialized, professional medical treatment facilities around the world in locations where Stem Cell Transplantation therapy is approved by the appropriate local government agencies.

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

We will initially devote most of our efforts toward organization and fund raising for planned clinics and patient operations and limited revenues have been generated from any such operations. The Company has experienced recurring losses from operations since its inception and as at September 30, 2006, we had a working capital deficit of $418,158 and an accumulated deficit from operations of $1,036,656. As noted in the independent audit report for the audited Stem Cell Therapy International, Inc. financial statements for the period from inception to March 31, 2006, these factors raise doubt about the ability of the Company to continue as a going concern. Realization of the Company's business plan is dependent upon the Company's ability to meet its future financing requirements, and the success of future operations. This is because we have not generated substantial revenues since inception. Our only other source for cash at this time is through investments or loans from management. We must raise cash to implement our project and stay in business.

CRITICAL ACCOUNTING POLICIES

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

The preparation of financial statements in conformity with accounting

principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Common stock transactions for services are recorded at either the fair value of the stock issued or the fair value of the services rendered, 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 September 30, 2006 and for the six months ended September 30, 2006 and 2005

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

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial statements have been prepared assuming that the Company will continue as a going concern. For the six months ended September 30, 2006 and the period since December 2, 2004 (date of inception) through September 30, 2006, the Company has had a net loss of $504,254 and $1,036,656, respectively and cash used by operations of $137,783 and $300,040, respectively, and negative working capital of $418,158 at September 30, 2006..

Effective September 1, 2005, the Company entered into a ten year licensing agreement with the Institute of Cell Therapy, a company incorporated and organized under the laws of Kiev, Ukraine ("ICT"). The agreement grants the Company an exclusive right and license in most parts of the world to utilize patents, processes and products owned or produced by ICT in connection with the operation of the Company's business. In exchange for the license, the Company agrees to exclusively purchase all biological solution of stem cell Allo Transplant materials from ICT for a three year period. Such Allo Transplant materials shall be at a cost of $6,500 per patient per condition. The licensing agreement guarantees a minimum purchase of 60 portions per twelve month period. In the event that the Company is unable to purchase the minimum quantities ICT shall 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 has provided ICT with a $120,000 irrevocable letter of credit in ICT's favor for the first three years of the agreement. In the event the letter of credit is drawn upon, the Company agrees to replenish the letter of credit to the extent of any such draws. As of September 30, 2006, the Company did not meet the minimum purchase requirement and ICT has drawn on the letter of credit for $116,000.

As of September 30, 2006, the Company has not emerged from the development stage. In view of these matters, recoverability of recorded asset amounts shown in the accompanying financial statements is dependent upon the Company's ability to begin 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.

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

42

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, we cannot be sure that we will be able to attract sufficient patients to maintain or grow revenue and consequently our long term growth and success may be negatively impacted (ii) the announcement or introduction of new treatments and/or patents by the Company and its competitors, as this is an ever changing field of innovation, we cannot be sure that our competition will not significantly impact our customer base, and thereby negatively impact our revenues, with new and improved treatments; (iii) price competition or higher prices in the industry, with additional research into this field of treatment, we cannot be sure that we will be able to maintain our current pricing structure and gross margins to be able to compete with new competitors and treatment options at reasonable prices; (iv) the Company's ability to upgrade and develop its systems and infrastructure and attract new personnel in a timely and effective manner, the Company cannot be sure that it will be able to raise sufficient capital in order for it to grow it's infrastructure and continually offer the most innovative procedures and treatment options to patients. (v) governmental regulation, the Company is continually working with various government agencies to ensure approval of these procedures, but there is no assurance that the approvals will not change or become more restrictive in the future, thereby limiting the ability of the Company to perform these procedures in certain locations, and (vi) general economic conditions, there can be no assurance that the Company will continually be able to attract patient's whose financial health will allow them to purs