

Stem Cell Therapy International, Inc. (OTC:SCII)



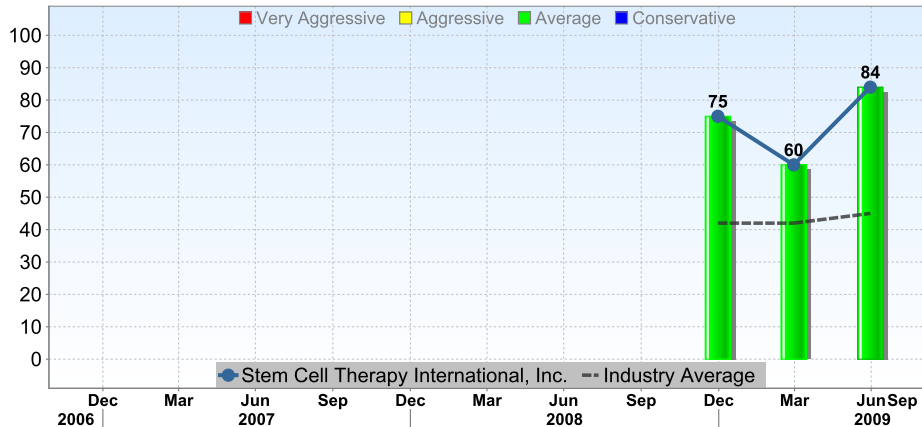
AGR Rating: **Average**
 AGR Score: **84th Percentile**

Accounting & Governance Risk Overview

Industry: Biotechnology & Drugs Period End: Jun 30, 2009 (Fiscal 2010 Q-1)
 Market Cap: USD 8.7mm (Nano Cap) Last Audit: Brimmer, Burek & Keelan LLP Statement Filing: Aug 14, 2009 (10-Q)
 Rating Published: Aug 28, 2009

Stem Cell Therapy International, Inc. is currently rated as having **Average** Accounting & Governance Risk (AGR®), receiving an AGR score that places them in the **84th** percentile among the approximately 8,000 companies in **North America** rated by Audit Integrity, indicating higher accounting and governance risk than 16% of the other companies.

3 Year AGR Percentile History



RISK MODELS
published on Aug 28, 2009

EQUITY RISK FACTOR

N/A

OTHER KEY RISKS

Litigation Risk: Low Risk
.1% probability of a shareholder Securities Litigation within the next year

Restatement Risk: Low Risk
.3% probability that the current quarter (fiscal 2010 Q-1) financial statements will be materially restated in the future

The above ranking(s) are from statistical models based on the Audit Integrity AGR, and are updated quarterly to reflect the latest available information. The Equity Risk Factor is based solely on the AGR Score, and as such is a unique measure of equity risk.

The Litigation and Restatement Risk Factors are also impacted by company size, industry and recent stock performance. These risk factors are used by insurance companies and auditors, among others, to identify companies at risk.

GOVERNANCE METRICS

Metrics	Metric Tests	
	Industry Comparison	Company Change
Corporate Governance Events	AGR Impact	Company Change
No Flagged Metrics		
High Risk Events		
No Flagged Metrics		

AGR WATCH
as of Dec 28, 2009

Recent Events (see below) will potentially have a negative impact on the next AGR Score. When shown below, an AGR Watch flag indicates the risk of a decline in AGR.

Based on a review of Recent Events, there is no AGR Watch at this time

ACCOUNTING METRICS

Metrics	Metric Tests	
	Industry Comparison	Company Change
Revenue Recognition	AGR Impact	Company Change
No Flagged Metrics		
Expense Recognition	100%	
Prepaid Expenses/Operating Expenses		🔴
Asset-Liability Valuation		
No Flagged Metrics		

RECENT EVENTS
since Jun 30, 2009

Company events that occurred after the current period end date that might negatively affect the next period's AGR Rating.

Governance

- Accounting Issues
- Amended Filings
- Class Action Lawsuit
- Late Filings
- Litigation-Regulatory Issues** ✔
- Officer / Director Insider Sales
- Officer Changes
- SEC Action

High Risk Events

- Divestitures
- Exchange Change
- Mergers-Acquisitions** ✔
- Restructuring
- Share Repurchases

The Audit Integrity Accounting and Governance Risk (AGR) rating is a comprehensive measure of corporate integrity, based on an extensive evaluation of metrics which study financial results and corporate behavior. Updated quarterly, the AGR percentile score ranges from 1 - 100, with lower scores representing greater risks; the worst 10% of companies will receive "Very Aggressive" ratings.

By "red-flagging" specific metrics of concern, AGR analysis effectively identifies areas of potential company risk. The table above shows the risk metrics with the greatest negative impact on the company's AGR score.

AGR Rating: **Average**
 AGR Score: **84th Percentile**

Accounting & Governance Metric Definitions

Industry: Biotechnology & Drugs Period End: Jun 30, 2009 (Fiscal 2010 Q-1) Statement Filing: Aug 14, 2009 (10-Q)
 Market Cap: USD 8.7mm (Nano Cap) Last Audit: Brimmer, Burek & Keelan LLP Rating Published: Aug 28, 2009

Metric Definitions: The definitions below are for Metrics that Audit Integrity has "flagged" as being of concern for potential misreporting. Audit Integrity determines Flagged Metrics based on a statistical review of corporate fraud cases to identify Metrics most predictive of fraud and abuse. These Metrics are analyzed for each company, to identify extreme values and flag the outliers. A high number of **Flagged Metrics** leads to a low (poor) AGR Score. The **AGR Impact** number indicates the points deducted for each Flagged Metric.

GOVERNANCE

Metric Name / Metric Relevance	AGR Impact
Corporate Governance Events	
No Flagged Metrics	
High Risk Events	
No Flagged Metrics	

ACCOUNTING

Metric Name / Metric Relevance	AGR Impact
Revenue Recognition	
No Flagged Metrics	
Expense Recognition	100%
Prepaid Expenses/Operating Expenses	
Large prepaid expenses can indicate problems with a company's expense recognition. The company may erroneously capitalize expenses (as "prepaid expenses"), which artificially decreases operating expenses and increases net income. The company may be recording erroneous entries in the prepaid expenses account to intentionally overstate sales or understate expenses. This is one of many techniques by which companies can convert operating expenses into assets in order to boost current earnings.	
Asset-Liability Valuation	
No Flagged Metrics	

AGR Rating: **Average**
AGR Score: **84th Percentile**

Industry: Biotechnology & Drugs Period End: Jun 30, 2009 (Fiscal 2010 Q-1) Statement Filing: Aug 14, 2009 (10-Q)
Market Cap: USD 8.7mm (Nano Cap) Last Audit: Brimmer, Burek & Keelan LLP Rating Published: Aug 28, 2009

Company Events: The Events below are a consolidated and filtered list of the most important corporate news and activities related to accounting and governance risk. Through extensive analysis of historical risk factors, Audit Integrity has identified the most important risk indicators, and tracks these Events daily. Events occurring after the latest Period End date have not yet been included in the AGR Score. These Events are incorporated into **AGR Watch** as having a potential impact on the next AGR Score.

Dec 23, 2009 Merger or Acquisition	Stem Cell Therapy International, Inc. Announces Merger Is Progressing On Schedule. Stem Cell Therapy International, Inc. announced that its pre-closing conditions for its merger with Histostem Co. Ltd. (Histostem) are proceeding on schedule with an expected close of the merger in January 2010. Furthermore, the Company has issued the 93,863,357 shares, currently held in escrow, required to consummate the acquisition of a 90% controlling interest in the securities of Histostem. Following the closing, the Company expects to have approximately 175,753,995 shares outstanding. This fully diluted share figure includes the estimate of 13,181,535 shares which will be issued within five days of the closing to settle previous litigation as per the merger agreement. The shares held by Histostem are not expected to be registered or distributed.
Nov 3, 2009 Equity Financing	Stem Cell Therapy International, Inc. and Histostem Korea Announce \$5 Million Financing Commitment. Stem Cell Therapy International, Inc. and its soon to be subsidiary, Histostem Ltd. of South Korea, announced that they have entered into a definitive agreement for up to a \$5 million investment commitment with Socius Life Science Capital Group, LLC. The Company's plan is to have funds available no later than December 31, 2009, and use the proceeds for various growth initiatives, including the launch of its stem cell based facial cream, the initiation of clinical trials, maintaining and advancement of current GMP facility as well as ongoing working capital and general corporate purposes. The facility provides the mechanism for the Company to issue shares of redeemable cumulative preferred stock from time to time in multiple tranches. The preferred will accrue dividends annually at a rate of 10% from each investment date, payable in additional shares of preferred stock. The Company has issued a warrant to purchase shares of common stock at the maximum allowable number based on \$0.159 per common shares, which the Company must in turn, register all shares underlying the warrant, and satisfy other closing conditions, which are required prior to drawing down the first tranche. The warrant vests with each tranche draw, at an exercise price equal to the closing bid price of the Company's common stock on the day immediately preceding the tranche notice date, with respect to that number of warrant shares equal to 135% of the dollar amount of the tranche divided by the exercise price.
Sep 25, 2009 Merger or Acquisition	Stem Cell Therapy International, Inc. Subsidiary Announces Merger With Histostem. Stem Cell Therapy International, Inc. announced the execution of the Reorganization and Stock Purchase Agreement (the Agreement) with Histostem Co., Ltd., a Korean company (Histostem and together with the Company, the parties). Following the execution of the Agreement, AmStem International, Inc., a wholly owned subsidiary of the Company, will be managing the U.S. operations of Histostem. Financial terms of the transaction were not disclosed.
Sep 10, 2009 Litigation or Regulatory Issues, Merger or Acquisition	Stem Cell Therapy International, Inc. Announces Histostem Litigation Settlement. Stem Cell Therapy International, Inc. (SCII) announced that the Company has agreed to be a party to the settlement between Histostem, Incorporated, a Delaware Corporation (Histostem USA) and Histostem Corporation, a Korean Corporation (Histostem Korea). The agreement is contingent upon the close of the SCII and Histostem Korea merger, and specifically, the agreement is contingent that at the close of the merger, SCII will acquire no less than 90% of the total fully diluted equity of Histostem Korea. For the consideration provided by Histostem USA, including but not limited to a waiver of claims and a general release, Histostem Korea and SCII have agreed to pay Histostem \$100,000 in cash, which will be divided into three equal payments over a two year period; and seven and one half percent (7.50%) of the fully diluted total outstanding shares of SCII common stock following the close of the merger between Histostem Korea and SCII. The management of Stem Cell Therapy International, Inc. will continue to finalize a new merger agreement between SCII and Histostem Korea in the next fifteen days.
Jun 29, 2009 Late Filing	The company filed an extension for a previously due financial. The company filed for the period ending 03/31/2009 an Notification that form 10-K will be submitted late
Mar 17, 2009 Debt Financing	Stem Cell Therapy International, Inc. Announces Bridge Financing. Stem Cell Therapy International, Inc. announced that it has obtained short term financing, enabling the Company to update and finalize the merger between Stem Cell Therapy International, Inc. (the Company or AmStem International) and the Histostem Corporation, Ltd. (Korea), which has been filed previously with the SEC. This short term financing will allow the Company to continue to pay necessary vendors to maintain the Company's public filing requirements, begin collaborations of operations between Histostem and AmStem International, finish the documents necessary to continue with the private placement and proceed with the execution of the Company's strategic plan. The Company agreed to repay to the lenders \$187,500 at the earlier of either six months or when the Company is able to obtain subsequent financing with minimum gross proceeds of \$1,000,000. The interest rate is a simple 10% per annum. At the holders' choice, the note can be converted into common shares at a rate of either \$0.10 per common share or the greater of \$.05 or the 30-Day volume weighted average price of the common stock. The holder of the note can also convert the note pursuant to the terms of the subsequent financing at a rate of 125% of the amount due at the closing of subsequent financing. In addition, the holders of the note were granted warrants to purchase a total of 1,125,000 common shares at a strike price of \$0.03 per share.
Feb 10, 2009 Amended Filing	The company recently amended a previous filing. The company filed for the period ending 09/30/2008 an Amendment to a previously filed 10-Q
Sep 16, 2005 Merger or Acquisition	Altadyne, Inc., Acquires Stem Cell Therapy International, Inc.-MNP. Market News Publishing reported that Stem Cell Therapy International Corp., a company devoted to the sale and distribution of biological solutions containing stem cell products, announced it has been acquired by Altadyne, Inc., The terms of the transaction were not disclosed.