**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

**Form 10-Q**

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 31, 2009

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________________ to ________________

Commission file number **000-53425**

# CARBON CREDITS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

| **Nevada** | **3825** | **26-1240905** |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (IRS Employer Identification No.) |

**2300 E. Sahara Avenue, Suite 800, Las Vegas, Nevada USA 89102**

(Address of principal executive offices) (Zip Code)

**(888) 579-7771**

(Registrant's telephone number, including area code)

**Not applicable**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☒ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of September 14, 2009, there were 32,537,000 shares of Common Stock, $0.0001 par value.

**CARBON CREDITS INTERNATIONAL, INC.**
**(A DEVELOPMENT STAGE ENTERPRISE)**

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**PART I - FINANCIAL INFORMATION**

**CARBON CREDITS INTERNATIONAL, INC.**
**(A DEVELOPMENT STAGE ENTERPRISE)**

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**CARBON CREDITS INTERNATIONAL, INC.**
**(A DEVELOPMENT STAGE ENTERPRISE)**
**CONDENSED BALANCE SHEETS**

| | July 31, 2009 (unaudited) | October 31, 2008 (audited) |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash | $ 18,454 | $ 75,223 |
| Accounts receivable-affiliate | - | 767 |
| Prepaid expenses | - | 1,410 |
| Total current assets | 18,454 | 77,400 |
| EQUIPMENT | | |
| Computer, net of accumulated depreciation | 1,569 | 2,182 |
| OTHER ASSETS | | |
| Website development costs, net of accumulated amortization | 5,342 | 7,124 |
| License, net of accumulated amortization | 3,768,774 | - |
| Total other assets | 3,774,116 | 7,124 |
| Total assets | $ 3,794,139 | $ 86,706 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| CURRENT LIABILITIES | | |
| Accounts payable | $ - | $ 1,096 |
| Accrued liabilities | 85,195 | - |
| Shareholders' advances | 37,695 | 72,196 |
| Total current liabilities | $ 122,890 | $ 73,292 |
| STOCKHOLDERS' EQUITY | | |
| Class A Convertible Preferred stock, $.0001 par value, 10,000,000 shares authorized, 8,000,000 issued and outstanding | 800 | 800 |
| Common stock, par value $.0001,100,000,000 shares authorized, 32,537,000 shares issued and outstanding (2009) 24,781,000 shares issued and outstanding (2008) | 3,254 | 2,478 |
| Paid in capital | 4,993,351 | 482,004 |
| Stock subscriptions payable | 42,272 | 15,180 |
| Deficit accumulated during development stage | (1,368,428) | (487,048) |
| Total stockholders' equity | 3,671,249 | 13,414 |
| Total liabilities & stockholders' equity | $ 3,794,139 | $ 86,706 |

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

**CARBON CREDITS INTERNATIONAL, INC.**
**(A DEVELOPMENT STAGE ENTERPRISE)**
**CONDENSED STATEMENTS OF OPERATIONS**
**(unaudited)**

| | Three Months Ended July 31, 2009 | Three Months Ended July 31, 2008 | Nine Months Ended July 31, 2009 | Nine Months Ended July 31, 2008 | Cumulative from Inception (October 15, 2007) to July 31, 2009 |
|---|---|---|---|---|---|
| REVENUES | $ - | $ - | $ 1,145 | $ - | $ 1,912 |
| EXPENSES | | | | | |
| General and administrative: | | | | | |
| Consulting fees | 494,500 | 83,126 | 707,381 | 249,376 | 1,061,124 |
| Other | 30,490 | 67,338 | 101,743 | 92,855 | 235,616 |
| Depreciation and amortization | 72,024 | - | 73,621 | - | 73,893 |
| Total expenses | 597,014 | 150,464 | 882,745 | 342,231 | 1,370,633 |
| OTHER INCOME-Interest | 7 | - | 221 | - | 293 |
| NET LOSS | $ (597,007) | $ (150,464) | $ (881,379) | $ (342,231) | $ (1,368,428) |
| NET LOSS PER SHARE - BASIC | $ (0.02) | $ * | $ (0.03) | $ (0.01) | |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC | 29,063,630 | 24,621,000 | 29,028,923 | 24,603,847 | |

* less than $(.01) per share

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

**CARBON CREDITS INTERNATIONAL, INC.**
**(A DEVELOPMENT STAGE ENTERPRISE)**
**CONDENSED STATEMENTS OF CASH FLOWS**
**(unaudited)**

| | Nine Months Ended July 31, 2009 | Nine Months Ended July 31, 2008 | Cumulative from Inception (October 15, 2007) to July 31, 2009 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Net loss | $ (881,379) | $ (342,231) | $ (1,368,427) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | | |
| Depreciation and amortization | 73,621 | - | 73,893 |
| Common stock issued at spin off | - | - | 2,420 |
| Preferred stock issued for services | - | - | 800 |
| Common stock issued for services | 477,500 | - | 477,500 |
| Compensation considered as addition to capital | 161,005 | - | 474,448 |
| Changes in operating assets and liabilities: | | | |
| Decrease in accounts receivable-affiliate | 767 | - | - |
| (Decrease) in accounts payable | (1,096) | - | - |
| Decrease in prepaid expenses | 1,410 | 19,023 | - |
| Increase in accrued liabilities | 85,195 | 222,926 | 85,195 |
| **Net cash used by operating activities** | (82,977) | (100,282) | (254,171) |
| **INVESTING ACTIVITIES** | | | |
| Website development costs | - | - | (7,124) |
| Purchase of equipment | - | - | (2,454) |
| **Net cash used by investing activities** | - | - | (9,578) |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from sale of common stock | 18,438 | 48,999 | 187,057 |
| Proceeds from shareholder advances | 30,212 | 12,787 | 128,275 |
| Proceeds received in advance of stock subscriptions | 42,272 | - | 57,452 |
| Shareholder advances - repaid | (64,714) | (4,963) | (90,581) |
| **Net cash provided (used) by financing activities** | 26,208 | 56,823 | 282,203 |
| **NET INCREASE/(DECREASE) IN CASH** | (56,769) | (43,459) | 18,454 |
| **CASH, BEGINNING OF PERIOD** | 75,223 | 43,934 | - |
| **CASH, END OF PERIOD** | $ 18,454 | $ 475 | $ 18,454 |
| **NON-MONETARY TRANSACTION** | | | |
| Stock issued for licensing agreement 6,000,000 shares issued at $0.64 per share | $ 3,840,000 | $ - | $ 3,840,000 |
| Stock issued for subscriptions payable 46,000 shares issued at $0.33 per share | $ 15,180 | $ - | $ 15,180 |

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

**CARBON CREDITS INTERNATIONAL, INC.**
**CONDENSED NOTES TO FINANCIAL STATEMENTS**
**July 31, 2009**
**(UNAUDITED)**

## NOTE 1 - BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position as of July 31, 2009, and the results of its operations and cash flows for the nine months ended July 31 2009 and 2008 have been made. Operating results for the three and nine months ended July 31 2009 are not necessarily indicative of the results that may be expected for the year ended October 31, 2009.

These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's audited financial statements for the year ended October 31, 2008 included in the Company's Form 10-K. The Company follows the same accounting policies in the preparation of this interim report.

Going Concern

The Company has realized $1,912 of revenues since inception. As of July 31 2009, the Company has an accumulated deficit of $1,368,428.

Our financial statements have been presented on the basis that we are a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Our ability to continue in existence is dependent on our ability to develop our business plan and to achieve profitable operations. Our business plan involves our pursuing additional product approvals such as that provided by United Laboratories, (UL) for all of the products we are licensed to sell or use. This will enable us to have a worldwide customer base from which we can ultimately obtain our potentially largest source of revenue, the sharing of energy savings on a long-term basis. Since we anticipate being unable to achieve profitable operations and/or adequate cash flows in the near term, we will have to continue to pursue additional equity financing through private placements of our common stock. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

## NOTE 2 - INCOME TAXES

There was no current federal tax provision or benefit recorded for any period since inception, nor were there any recorded deferred income tax assets, as such amounts were completely offset by valuation allowances since there is no assurance of future taxable income.

## NOTE 3 - THE EFFECT OF RECENTLY ISSUED ACCOUNTING STANDARDS

*New Accounting Standards Not Yet Adopted*

In December 2007, the FASB issued SFAS 141(R), "Business Combinations." This Statement replaces SFAS 141, "Business Combinations," and requires an acquirer to recognize the assets acquired, the liabilities assumed, including those arising from contractual contingencies, any contingent consideration, and any non-controlling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the statement. SFAS 141(R) also requires the acquirer in a business combination achieved in stages (sometimes referred to as a step acquisition) to recognize the identifiable assets and liabilities, as well as the non-controlling interest in the acquiree, at the full amounts of their fair values (or other amounts determined in accordance with SFAS 141(R)). In addition, SFAS 141(R)'s requirement to measure the non-controlling interest in the acquiree at fair value will result in recognizing the goodwill attributable to the non-controlling interest in addition to that attributable to the acquirer. SFAS 141(R) amends SFAS No. 109, "Accounting for Income Taxes," to require the acquirer to recognize changes in the amount of its deferred tax benefits that are recognizable because of a business combination either in income from continuing operations in the period of the combination or directly in contributed capital, depending on the circumstances. It also amends SFAS 142, "Goodwill and Other Intangible Assets," to, among other things, provide guidance on the impairment testing of acquired research and development intangible assets and assets that the acquirer intends not to use. SFAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We are currently assessing the potential impact that the adoption of SFAS 141(R) could have on our financial statements.

**NOTE 3 - THE EFFECT OF RECENTLY ISSUED ACCOUNTING STANDARDS** - *continued*

In December 2007, the FASB issued SFAS 160, "Non-controlling Interests in Consolidated Financial Statements." SFAS 160 amends Accounting Research Bulletin 51, "Consolidated Financial Statements," to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. It also clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 also changes the way the consolidated income statement is presented by requiring consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the non-controlling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the non-controlling interest. SFAS 160 requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated and requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent owners and the interests of the non-controlling owners of a subsidiary. SFAS 160 is effective for fiscal periods, and interim periods within those fiscal years, beginning on or after December 15, 2008. We are currently assessing the potential impact that the adoption of SFAS 160 could have on our financial statements.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*("SFAS 165"). SFAS 165 provides authoritative accounting literature related to evaluating subsequent events that was previously addressed only in the auditing literature, and is largely similar to the current guidance in the auditing literature with some exceptions that are not intended to result in significant changes in practice. SFAS 165 defines subsequent events and also requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. SFAS 165 is effective on a prospective basis for interim or annual financial periods ending after June 15, 2009. We plan to adopt SFAS 165 in the first quarter of Fiscal 2010 and do not expect it to have a material impact on our consolidated financial statements.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 166, "Accounting for Transfers of Financial Assets, an amendment to SFAS No. 140," ("SFAS 166"). SFAS 166 eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures in order to enhance information reported to users of financial statements by providing greater transparency about transfers of financial assets, including securitization transactions, and an entity's continuing involvement in and exposure to the risks related to transferred financial assets. SFAS 166 is effective for fiscal years beginning after November 15, 2009. The Company will adopt SFAS 166 in fiscal 2011. The Company does not expect that the adoption of SFAS 166 will have a material impact on the financial statements.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 167, "Amendments to FASB Interpretation No. 46(R)," ("SFAS 167"). The amendments include: (1) the elimination of the exemption for qualifying special purpose entities, (2) a new approach for determining who should consolidate a variable-interest entity, and (3) changes to when it is necessary to reassess who should consolidate a variable-interest entity. SFAS 167 is effective for the first annual reporting period beginning after November 15, 2009 and for interim periods within that first annual reporting period. The Company will adopt SFAS 167 in fiscal 2010. The Company does not expect that the adoption of SFAS 167 will have a material impact on the financial statements.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles," ("SFAS 168"). SFAS 168 replaces FASB Statement No. 162, "The Hierarchy of Generally Accepted Accounting Principles", and establishes the FASB Accounting Standards Codification ("Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). SFAS 168 is effective for interim and annual periods ending after September 15, 2009. The Company will begin to use the new Codification when referring to GAAP in its annual report on Form 10-K for the fiscal year ending January 3, 2010. This will not have an impact on the results of the Company.

<u>*New Accounting Standards Adopted*</u>

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133," (SFAS "161") as amended and interpreted, which requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. Disclosing the fair values of derivative instruments and their gains and losses in a tabular format provides a more complete picture of the location in an entity's financial statements of both the derivative positions existing at period end and the effect of using derivatives during the reporting period. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Early adoption is permitted. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

In May 2008, the Financial Accounting Standards Board ("FASB") issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts – An interpretation of FASB Statement No. 60". SFAS 163 requires that an insurance enterprise recognize a claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. It also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities, and requires expanded disclosures about financial guarantee insurance contracts. It is effective for financial statements issued for fiscal years beginning after December 15, 2008, except for some disclosures about the insurance enterprise's risk-management activities. SFAS 163 requires that disclosures about the risk-management activities of the insurance enterprise be effective for the first period beginning after issuance. Except for those disclosures, earlier application is not permitted. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

## NOTE 4 - EARNINGS PER SHARE

The Company computes net loss per share in accordance with SFAS No. 128, “Earnings per Share” (SFAS 128) and SEC Staff Accounting Bulletin No. 98 (SAB 98). Under the provisions of SFAS 128 and SAB 98, basic net loss per share is computed by dividing the net loss available to common stockholders for the period by the weighted average number of shares of common stock outstanding during the period.

Diluted loss per share is computed using the weighted average number of shares and dilutive potential common shares arising from the conversion of preferred shares into common shares at the election of the holders thereof. Potentially dilutive common shares consist of employee stock options, warrants, and unissued restricted common stock, and are excluded from the diluted earnings per share computation in periods where the Company has incurred net losses.

During the three months ended July 31 2009 and 2008, our loss was $0.02 and and less than $0.01 per share based on the weighted average number of shares outstanding during those periods of 29,063,630 and 24,621,000, respectively. There were no dilutive securities outstanding.

## NOTE 5 - EQUITY TRANSACTIONS

During the nine month period ended July 31 2009, we received proceeds of $18,438 for 60,000 shares of common stock and reclassified $15,180 received in advance in October 2008 for stock subscriptions dated in November and December 2008 as common stock issuances for 46,000 shares. In addition, we received $8,472 for future common stock issuances of 24,000 shares, which issuances will be recorded upon receipt of the underlying stock subscription. During the three months ended July 31, 2009 we received $33,800 for future common stock issuances of 169,000 shares. Our Board of Directors has approved the sale of 4,500,000 shares of our restricted common stock to unaffiliated non resident aliens for $0.33 per share on October 15, 2008, of which 266,000 shares have been issued through July 31 2009.

On April 10, 2009, our Board of Directors authorized an employee and consultants share plan approving the issuance of up to 5,000,000 shares of common stock as remuneration or in consideration for services rendered. On April 14, 2009, 200,000 of these shares were issued in exchange for legal services rendered at a value to the corporation of $0.05 per share. On May 5, 2009, 500,000 of these shares were issued to our CEO in partial payment against accrued compensation for services rendered between November 1, 2008 and April 30, 2009 at a value to the corporation of $0.05 per share. On May 5, 2009, 200,000 shares of the company's common stock were issued from our employee and consultants share plan in consideration for legal services rendered at a value to the corporation of $0.05 per share. On May, 21 2009, 500,000 shares of the company's common stock from our employee and consultants share plan were issued to our independent directors (250,000 shares to each independent director) at a value to the company of $0.64 per share. On May 26, 2009, in accordance with our agreement with Carbon Reducer Industries Ltd dated May 21, 2009, 6,000,000 shares of the company's restricted common stock were issued at a value of $0.64 each. On May 26, 2009, 250,000 shares of the company's restricted common stock from our employee and consultants share plan were issued to our Chief Financial Officer at a value to the company of $0.45 per share.

## NOTE 6 - SHAREHOLDER ADVANCES

Shareholder advances decreased by $34,501 during the nine months ended July 31 2009 representing additional advances of $30,212 and repayments of $64,714, whereas a net increase for the period ended October 31, 2008 was $68,236 representing repayments of $867 and increases of $69,103.

## NOTE 7 - WEBSITE DEVELOPMENT COSTS AND AMORTIZATION

Commencing November 1, 2008, we began amortizing website development costs ratably over a 3 year period. Accordingly, amortization for the three and nine months ended July 31 2009 was $594 and $1,782, respectively.

## NOTE 8 - LICENSE COSTS AND AMORTIZATION

On May 21, 2009, we entered into an exclusive worldwide distribution agreement with Carbon Reducer Industries, Ltd. (“CRIL”) of Bangkok, Thailand to market and distribute CRIL’s proprietary next generation energy saving solutions for large energy consuming customers. Our Chief Executive Officer is a director, employee and shareholder of CRIL. On May 26, 2009, under the terms of this agreement, we issued of 6,000,000 shares of the Company’s common restricted stock to CRIL at value to the company of $0.64 per share or $3,840,000 in aggregate. The licensing rights have been capitalized at this value and are amortized ratably over an estimated economic life of 10 years. Accordingly, amortization within the three months ended July 31 2009 was 71,226. The capitalized value of the licensing rights under this agreement have not been tested for impairment during the current quarter. An impairment test will be conducted annually.

## NOTE 9 - ACCRUED COMPENSATION

Effective December 15, 2008, compensation was increased from $150,000 for our president and $180,000 for our former CFO for the 12 months ended October 15, 2009 to $210,000 each for the 12 month period ended December 15, 2009. Our former CFO resigned on March 19, 2009.

On May 5, 2009, 500,000 shares were issued to our CEO in partial payment against accrued compensation for services rendered between November 1, 2008 and April 30, 2009 at a value to the corporation of $0.05 per share. On July 31, 2009, our CEO resolved to eliminate the balance of his accrued salary compensation and benefits as a contribution toward the paid in capital of the company.

Accordingly, the accrued compensation as of July 31 2009 consists of accrued salary compensation of $76,750 and accrued benefits of $8,314 payable to our former CFO.

All accrued compensation of $19,754, which included accrued benefits of $1,931 for our CTO, who resigned as of December 11, 2008, was eliminated and treated as contributed capital as of that date.

## NOTE 10 - COMMITMENTS

On May 21, 2009, the Company entered into an exclusive worldwide distribution agreement with Carbon Reducer Industries Ltd of Bangkok, Thailand to market and distribute Carbon Reducer Industries Ltd proprietary next generation energy saving solutions for large energy consuming customers. The company has paid Carbon Reducer Industries Ltd a licensing fee of 6,000,000 shares of the Company’s common restricted stock. Further, the Company shall pay Carbon Reducer Industries Ltd a commission of 15% of all gross sales proceeds derived from the commercial exploitation of Carbon Reducer Industries's Ltd energy saving solutions. ( See Note 5)

## NOTE 11 - SUBSEQUENT EVENTS

On September 11, 2009, our board of directors resolved to adjust the issue price from $0.20 per share to $0.05 per share for new subscriptions received during the months of June and July 2009. The company received cash proceeds from private placement investors totaling $33,800 during this period.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This Quarterly Report on Form 10-Q contains statements which, to the extent they do not recite historical fact, constitute "forward looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify these statements by the use of words like "may," "will," "could," "should," "project," "believe," "anticipate," "expect," "plan," "estimate," "forecast," "potential," "intend," "continue," and variations of these words or comparable words. Forward looking statements do not guarantee future performance and involve risks and uncertainties. Actual results may differ substantially from the results that the forward looking statements suggest for various reasons, including those discussed under the caption "Risks Related to Our Business" in our annual report on Form 10-K for the fiscal year ended October 31, 2008. These forward looking statements are made only as of the date of this report. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. This discussion should be read together with the financial statements and other financial information included in this Form 10-Q.

The following discussion contains forward-looking statements that are subject to significant risks and uncertainties. There are several important factors that could cause actual results to differ materially from historical results and percentages and results anticipated by the forward-looking statements. The Company has sought to identify the most significant risks to its business, but cannot predict whether or to what extent any of such risks may be realized nor can there be any assurance that the Company has identified all possible risks that might arise. Investors should carefully consider all of such risks before making an investment decision with respect to the Company's stock.

OVERVIEW

The Company is a development stage company in the business of marketing electrical energy savings products.

PLAN OF OPERATION

The Company has limited operations since inception and is financially dependent on its shareholders, who have financed its existence to date.

The Company's plan of operation for the next twelve months is to raise sufficient capital to meet future working capital requirements and to continue to seek UL approval for its products so it can commence sales in North America.

DEVELOPMENT OF WORLDWIDE MARKETING AND SALES RIGHTS

Through our agreement dated July 25, 2008 with CRI Sdn Bhd (Malaysia) and our agreement dated May 21, 2009 with Carbon Reducer Industries Limited (Thailand), we hold the rights to market and sell worldwide, certain proprietary products. The cost of these products to us is on a mutually agreeable basis.

Initially, we will earn commissions on Asian sales of products until such time as we have retained our own sales personnel or distributors. After that, and in accordance with generally accepted accounting principles, we will report sales and cost of sales since the rights and obligations relating to such sales and cost of sales will be ours. We believe substantial sales will not occur until after UL approval is obtained for non-Asian markets.

We are a provider of energy efficiency solutions. We perform energy efficiency audits and consulting as well as the implementation of energy efficient equipment for which we have an exclusive worldwide distribution agreement with Carbon Reducer Industries Ltd of Bangkok, Thailand and Carbon Reducer Industries Sdn Bhd of Johur Bahru, Malaysia.

We apply our Energy Efficiency Services and audit expertise to analyze each client's energy consumption, energy bill analysis and operational needs and implement our customized energy efficiency solutions. A site audit must be performed to collect the specifications of each distribution board as well to understand our clients operating statistics.

Implementation services include energy efficiency Financial Services to provide the capital to enable us to proceed with purchasing CRI products and placing them with customers under the ESPC (Energy Savings Performance Contract) a concept whereby we receive a portion of the monthly energy savings enjoyed by our customers on products we own to enable the Company's commercial and industrial clients to pay for its energy efficiency solutions over time.

The Company shall record these extended term receivables as long-term receivables and consolidates them for purposes of optimal receivables management and in anticipation of potentially financing them in order to reduce its cost of capital or through additional financing by way of private placements, such as, we have done in the past, for general and administrative expenses, including consulting fees, certification approvals, the establishment of marketing and sales efforts in Asia and elsewhere, and the cost to acquire inventory and related technical personnel to support these efforts.

We plan to develop relationships with large energy service companies ("ESCO"). ESCOs are awarded project contracts with the public sector, and we intend to serve as their energy efficiency service experts to implement our solutions outside of the scope of their offerings.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** - *continued*

DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

As initially forecasted, we have incurred operating losses since our inception, related primarily to general and administrative costs of which accrued consulting service costs for officers is the most significant item. During the current and comparative prior year quarter we had a net loss of $597,007 and $150,564, respectively. The Company has incurred cumulative losses of $1,368,428 since inception. During the quarter ended July 31, 2009, our Chief Executive Officer's salary expense of $58,188 was contributed to additional paid in capital of the company and share-based compensation totaling $442,500 was granted to our two independent directors ($160,000 each), Chief Financial Officer ($112,500) and our legal counsel ($10,000).

Also included in general and administrative expenses in the current and comparative quarters were the following:

| | | July 31, 2009 | July 31, 2008 | |
|---|---|---|---|---|
| Office rentals including office in home for our two officers | $ | 5,866 | 1,951 | (a) |
| Travel and meals | | 2,026 | 1,954 | |
| Other amounts | | 22,598 | 63,433 | |
| Total general and administrative expense | $ | 30,490 | 67,433 | |

(a) We accrued rental allowances of $1,500 per month payable to our CEO for the three months ended 31 July 2009.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, we have financed our operations principally from private placement financing since we have had limited revenues since inception. We have suffered recurring losses from operations and have a working capital deficiency (current assets less current liabilities) of $104,436 as of July 31 2009. Our capital requirements are becoming more significant as we move forward in time and develop our business plan.

CASH REQUIREMENTS AND NEED FOR ADDITIONAL FUNDS

In order to develop our business plan in the near term, we anticipate that we will require approximately $500,000 through additional financing by way of private placements, such as we have done in the past, for general and administrative expenses, including consulting fees, UL approval, the establishment of marketing and sales efforts in Asia and elsewhere, and the cost to acquire inventory and related technical personnel to support these efforts.

To provide the capital to enable us to proceed with purchasing CRI products and placing them with customers under the ESPC (Energy Savings Performance Contract) concept (whereby we receive a portion of the monthly energy savings enjoyed by our customers on products we own and they use over a 10 year period) we will require up to $3,000,000.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not required.

**ITEM 4T. CONTROLS AND PROCEDURES**

**Evaluation of disclosure controls and procedures**

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company's disclosure controls and procedures as of July 31 2009. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were not effective as of July 31 2009. During the quarter ending on July 31 2009, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

Management is not aware of any legal proceedings contemplated by any governmental authority or any other party against us. None of our directors, officers or affiliates are (i) a party adverse to us in any legal proceedings, or (ii) have an adverse interest to us in any legal proceedings. Management is not aware of any other legal proceedings that have been threatened against us.

### ITEM 1A. RISK FACTORS

Not required.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

### ITEM 5. OTHER INFORMATION

None

### ITEM 6. EXHIBITS

| Exhibit Number | Exhibit |
|---|---|
| 31.1 | Rule 13a-14(a) Certification of Chief Executive Officer |
| 31.2 | Rule 13a-14(a) Certification of Chief Financial Officer |
| 32.1 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer |
| 32.2 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**CARBON CREDITS INTERNATIONAL, INC.**

| | | |
|---|---|---|
| Date: September 14, 2009 | By: | /s/ Han J. Schulte<br>Han J. Schulte<br>President and Principal Executive Officer |
| Date: September 14, 2009 | By: | /s/ James M. Ryan<br>James M. Ryan<br>Chief Financial Officer<br>(Principal Financial and Accounting Officer) |

**Exhibit 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**
**PURSUANT TO SECURITIES EXCHANGE ACT OF 1934**
**RULE 13a-14(a) OR 15d-14(a)**

I, Hans J. Schulte, President and Principal Executive Officer certify that:

1. I have reviewed this Form 10-Q for July 31, 2009 for Carbon Credits International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**Carbon Credits International, Inc.**

Date: September 14, 2009

By: /s/ Hans J. Schulte
Name: Hans J. Schulte
Title: President and Principal Executive Officer

**Exhibit 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**
**PURSUANT TO SECURITIES EXCHANGE ACT OF 1934**
**RULE 13a-14(a) OR 15d-14(a)**

I, James M. Ryan, Chief Financial Officer and Principal Accounting Officer certify that:

1. I have reviewed this Form 10-Q for July 31, 2009 for Carbon Credits International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**Carbon Credits International, Inc.**

Date: September 14, 2009

By: /s/ James M. Ryan
Name: James M. Ryan
Title: Chief Financial Officer and Principal Accounting Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Form 10-Q of Carbon Credits International, Inc. (the "Company") for the period ended July 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Hans J. Schulte, President and Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002*, that:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the *Securities Exchange Act of 1934*; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

**Carbon Credits International, Inc.**

Date: September 14, 2009

By: /s/ Hans J. Schulte
Name: Hans J. Schulte
Title: President and Principal Executive Officer

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Form 10-Q of Carbon Credits International, Inc. (the "Company") for the period ended July 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James M. Ryan, Chief Financial Officer and Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002*, that:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the *Securities Exchange Act of 1934*; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

**Carbon Credits International, Inc.**

Date: September 14, 2009

By:/s/ James M. Ryan
Name: James M. Ryan
Title: Chief Financial Officer and Principal Accounting Officer