

SKYE INTERNATIONAL, INC
Form 10QSB
May 21, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 2007

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: 000-27549

SKYE INTERNATIONAL, INC.

(Exact name of Company as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization)

88-0362112

(I.R.S. Employer Identification No.)

7701 E. Gray Road, Suite 4 Scottsdale, AZ 85260
(Address of principal executive offices) (Zip Code)

Company's telephone number: (480) 993-2300

7650 E. Evans Road, Suite C Scottsdale, AZ 85260
(Former name, address and phone number if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Company 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 an accelerated filer (as defined in exchange A Rule 12b-2)
Yes No

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

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity:

As of March 31, 2007 - 22,569,243 common shares of \$0.001 par value.

Transitional Small Business Disclosure Format (check one): YES NO

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PART I. FINANCIAL INFORMATION

ITEM 1 Financial Statements (unaudited)

Skye International, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	March 31 2007 (Unaudited)	December 31 2006 (Audited)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	36,272	8,672
Accounts Receivable, Net	-	-
Inventory at Cost	163,010	163,062
Prepaid Expenses	99,379	99,379
Total Current Assets	298,661	271,112
EQUIPMENT, NET	42,554	43,921
OTHER ASSETS		
Patents and Software, Net	-	-
Deposits	-	-
Intangible Assets	-	-
Total Other Assets	-	-
Total Assets	341,215	315,034
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
LIABILITIES		
Accounts Payable	2,061,671	2,160,624
Other Payables	23,649	31,132
Notes Payable	1,198,512	1,053,615
Accrued Interest Payable	76,267	72,917
Warranty Accrual	34,570	34,570
Customer Deposits	103,371	103,371
	3,498,040	3,456,228
Total Liabilities	3,498,040	3,456,228

CONSOLIDATED BALANCE SHEETS - continued**STOCKHOLDERS' EQUITY**

Common Stock authorized is

100,000,000 shares at \$0.001 par value.

Issued and outstanding on December 31,

2006 were 22,569,243 shares, December 31,

2006 were 21,622,243 shares, December 31,

22,569 21,622

Common Stock Subscribed 108,675 108,675

Paid in Capital 9,444,761 9,256,308

Accumulated Deficit (12,732,830) (12,527,800)

Total Stockholders' Equity (Deficit) (3,156,824) (3,141,194)

**TOTAL LIABILITIES AND
STOCKHOLDERS EQUITY**

341,215 315,034

The accompanying notes are an integral part of these statements.

Skye International, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2007	2006
INCOME		
Product Sales	\$ -	\$ 8,032
Other Income	-	2,600
Total Income	-	10,632
Cost of Goods Sold	24,142	1,074
Gross Income	(24,142)	9,558
EXPENSES		
Legal and Professional	109,035	456,941
General and Administrative	22,767	193,611
Research and Development	30,000	-
Advertising/Marketing	-	27,929
Loss on Disposal of Assets	-	-
Depreciation	2,761	1,906
Total Expenses	164,563	680,387
OTHER INCOME AND (EXPENSE):		
Interest Expense	18,478	8,631
Gain on Extinguishment of Indebtedness	(2,153)	-
	16,325	689,018
Net (Loss) before Income Taxes	(205,030)	(679,460)
Income Tax Expense	-	-
NET (LOSS)	(205,030)	(679,460)
Basic and diluted (loss) per share	\$ (0.01)	\$ (0.04)
Weighted Average Number of Common Shares Outstanding	21,622,243	18,197,287

The accompanying notes are an integral part of these statements.

Skye international, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Mos. Ended March 31, 2007	Three Mos. Ended March 31, 2006
Operating Activities		
Net (Loss)	\$ (205,030)	\$ (679,460)
Depreciation Expense.	2,761	1,906
Changes in assets and liabilities:		
Inventory	52	(52,542)
Accounts Receivable	-	(7,127)
Prepaid Expense	-	(1,500)
Deposits	-	-
Accrued Interest Payable	3,350	2,070
Accounts Payable	(106,436)	-
Notes Payable	144,897	-
Customer Deposits	-	-
Net Cash Provided by Operating Activities	(160,406)	(263,744)
Investing Activities		
Purchase/Disposal of Assets	(1,394)	(986)
Net Cash (Used) by Investing Activities	(1,394)	(986)
Financing Activities		
Shares issued for services rendered.	188,400	205,500
Shares issued to retire debt and interest.	1,000	-
Stock Subscriptions	-	(155,000)
Proceeds from sale of Common Stock	-	210,000
Discount on Convertible Debt	-	-
Stock Options Granted	-	-
Net Cash Provided by Financing Activities	189,400	260,500
Net Increase/(Decrease) in Cash	27,600	(4,230)
Cash, Beginning of Period	8,672	2,711
Cash, End of Period	\$ 36,272	\$ (1,519)

Supplemental Information:

Taxes		-		-
Interest Expense	\$	18,476	\$	10,510

The accompanying notes are an integral part of these statements.

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Skye International, Inc., and Subsidiaries
STATEMENT OF STOCKHOLDER'S DEFICIT
(Unaudited)

	Common Stock Shares	Common Stock Amount	Common Stock Subscribed	Paid in Capital	Accumulated Deficit	Total Equity
Balance December 31, 2000	580,000	\$ 580		\$ 333,920	\$ (828,006)	\$ (493,506)
Common Shares issued for Services	52,500	53		52,447		52,500
Contribution to Capital				24,265		24,265
Common Shares issued to retire Convertible Note and accrued Interest	60,000	60		187,022		187,082
Net (Loss)					(120,900)	(120,900)
Balance December 31, 2001	692,500	\$ 693		\$ 597,654	\$ (948,906)	\$ (350,559)
Common Shares issued for cash	104,778	105		96,895		97,000
Common Shares issued for services	455,800	455		110,045		110,500
Common Shares issued for prepaid service	162,500	163		16,087		16,250
Common Shares issued for proposed business acquisition	6,433,406	6,433		896,997		903,430
Common Shares issued to retire convertible note and accrued Interest	60,000	60		200,670		200,730
Common Shares issued to retire debt	22,500	22		23,272		23,294
Net (Loss)					-2,798,586	(2,798,586)
Balance December 31, 2002	7,931,484	\$ 7,931		\$ 1,941,620	\$ (3,747,492)	\$ (1,797,941)
Common Shares issued for Cash	434,894	435		967,925		968,360
	3,008,078	3,008		(166,940)		(163,932)

Common Shares issued in recapitalization					
Net (Loss)				(371,821)	(371,821)
Balance December 31, 2003	11,374,456	\$ 11,374	\$ 2,742,605	\$ (4,119,313)	\$ (1,365,334)
Common Shares issued for services	800,000	800	228,080		228,880
Common Shares issued to retire Debt and interest of \$91,281	172,354	172	91,109		91,281
Common Shares issued for cash through exercise of warrants	66,667	67	16,600		16,667
Common Shares cancelled in acquisition settlement	(2,075,000)	-2,075	2,075		-
Common Stock Options issued for services			19,000		19,000
Common Stock issued for prepaid services	2,250,000	2,250	110,250		112,500
Common Shares valued at \$159,876 Issued to obtain \$1,075,000 debt	537,500	538	159,338		159,876
Net (Loss)				(1,893,330)	(1,893,330)
Balance December 31, 2004	13,125,977	\$ 13,126	\$ 3,369,057	\$ (6,012,643)	\$ (2,630,460)

STATEMENT OF STOCKHOLDER'S DEFICIT - continued

Balance December 31, 2004	13,125,977	\$ 13,126	\$ 3,369,057	\$ (6,012,643)	\$ (2,630,460)
Common Stock granted but not issued until 2006			275,000		275,000
Common Stock granted in 2004 but not earned by related party consulting agreements until 2005			945,000		945,000
Common Shares issued for consulting and outside services	260,525	261	237,162		237,423
Common Shares issued in conjunction with related party consulting contracts	391,832	392	414,129		414,521
Issuance of common stock for employee stock Awards	524,500	525	535,646		536,170
Issuance of common stock to reduce existing debt	78,067	78	52,266		52,344
Common Shares Issued in connection with Debt	50000	50	12450		12,500
Conversion of convertible bridge notes into common stock	842,511	843	462,539		463,382
Issuance of common stock in private placements	2,564,819	2,565	1,408,085		1,410,650
Net (Loss)				(4,051,870)	(4,051,870)
Balance December 31, 2005	17,838,231	\$ 17,839	\$ 7,436,333	\$ (10,064,513)	\$ (2,335,340)
Common Shares issued in conjunction with related party consulting services and to employees for services	378,750	379	262,496		262,875