

SKYE INTERNATIONAL, INC
Form 10-Q
July 17, 2008

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 June 30, 2008

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

For the transition period from _____ to _____

Commission file number 0-27549

SKYE INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

88-0362112
(IRS Employer
Identification No.)

7701 E. Gray Rd, Suite 4 Scottsdale, AZ 85260

(Address of principal executive offices) (Zip Code)

(480) 993-2300

(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
Non-accelerated filer

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: 12,819,255 shares of Common Stock, \$0.001 par value, as of June 30, 2008 (after giving effect to the four old common shares for one new common share reverse stock split).

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PART I - FINANCIAL INFORMATION

ITEM FINANCIAL INFORMATION

1.

Skye International, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	June 30, 2008 (unaudited)	December 31, 2007
ASSETS		
CURRENT ASSETS		
Cash	\$ 20,276	\$ 35,331
Accounts Receivable	30,933	-
Inventory	106,944	119,668
Prepaid Expenses	236,539	82,510
Total Current Assets	394,692	237,509
EQUIPMENT, NET	52,073	46,754
OTHER ASSETS		
Patents	11,662	-
Deposits	2,460	2,460
Total Other Assets	14,122	2,460
Total Assets	\$ 460,887	\$ 286,723
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts Payable	\$ 310,138	\$ 1,227,923
Accrued Expenses	45,313	206,231
Notes Payable - Related Parties	434,584	1,905,763
Accrued Interest Payable	118,117	76,267
Warranty Accrual	42,913	34,570
Customer Deposits	-	103,371
Total Current Liabilities	951,065	3,554,125
Total Liabilities	951,065	3,554,125
STOCKHOLDERS' EQUITY (DEFICIT)		
Common Stock: 25,000,000 shares		

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authorized at \$0.001 par value;

Issued and outstanding 12,819,255 and 7,481,813 shares, respectively	12,819	7,482
Common Stock Subscribed	-	108,675
Additional Paid in Capital	13,195,000	11,152,911
Accumulated Deficit	(13,697,997)	(14,536,470)
Total Stockholders' Equity (Deficit)	(490,178)	(3,267,403)
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)	\$ 460,887	\$ 286,723

The accompanying notes are an integral part of these statements.

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

	Three Months Ended June		Six Months Ended June	
	2008	2007	2008	2007
REVENUES				
Product Sales	\$ 23,531	\$ -	\$ 47,281	\$ -
Other Income	58	-	58	-
Total Revenues	23,589	-	47,339	-
Cost of Goods Sold	17,500	27,974	35,000	52,117
Gross Profit	6,089	(27,974)	12,339	(52,117)
EXPENSES				
Legal and Professional	16,106	535,455	83,114	644,490
General and Administrative	661,293	170,799	780,949	193,565
Research and Development	12,535	-	21,334	30,000
Advertising and Marketing	405	-	3,742	-
Depreciation	3,231	2,761	5,944	5,522
Total Expenses	693,570	709,015	895,083	873,577
Net (Loss) from Operations	(687,481)	(736,989)	(882,744)	(925,694)
OTHER INCOME AND (EXPENSE)				
Gain on Extinguishment of Debt	1,344,032	-	1,823,954	2,153
Interest Expense	(51,368)	(23,968)	(102,737)	(42,446)
Total Other Income (Expense)	1,292,664	(23,968)	1,721,217	(40,293)
Net Income (Loss) before Income Taxes	605,183	(760,957)	838,473	(965,987)
Income Tax Expense	-	-	-	-
NET INCOME (LOSS)	\$ 605,183	\$ (760,957)	\$ 838,473	\$ (965,987)
Basic and diluted income (loss) per new common share	\$ 0.06	\$ (0.13)	\$ 0.09	\$ (0.17)
Weighted Average Number of Common Shares Outstanding	10,150,534	5,790,904	9,260,960	5,790,904

The accompanying notes are an integral part of these statements.

Skye International, Inc., and Subsidiaries
 CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY (DEFICIT)
 (unaudited)

	Common Stock Shares	Common Stock Amount	Common Stock Subscribed	Paid in Capital	Accumulated Deficit	Total Deficit
Balance December 31, 2006	5,405,561	\$ 5,406	\$ 108,675	\$		