

SKYE INTERNATIONAL, INC
Form 10QSB
August 14, 2006

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, 2006

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

88-0362112

(State or other jurisdiction of incorporation or
organization)

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

7150 West Erie Street, Chandler, Arizona 85226
(Address of principal executive offices) (Zip Code)

Company's telephone number: (480) 889-9999

(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

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, 2006 - 18,413,231, \$0.001 par value.

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

	Index	Page <u>Number</u>
PART I	FINANCIAL INFORMATION	3
ITEM 1.	Financial Statements (unaudited)	3
	Consolidated Balance Sheets as of March 31, 2006 and December 31, 2004	3
	Consolidated Statements of Operations for the three months ended March 31, 2006 and 2005	4
	Consolidated Statements of Stockholders' Equity cumulative from December 31, 2000 to March 31, 2006	5-6
	Consolidated Statements of Cash Flows for the three months ended March 31, 2006 and 2005	7
	Notes to Financial Statements	8
ITEM 2.	Managements Discussion and Analysis of Financial Condition and Results of Operations/Plan of Operation	22
ITEM 3.	Controls and Procedures	44
PART II	OTHER INFORMATION	44
ITEM 1.	Legal Proceedings	44
ITEM 2.	Unregistered Sales of Equity Securities and Use of Proceeds	46
ITEM 3.	Defaults Upon Senior Securities	46
ITEM 4.	Submission of Matters to Vote of Security Holders	47
ITEM 5.	Other Information	47
ITEM 6.	Exhibits	48

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

Skye International, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS

	March 31, 2006	December 31, 2005 (Audited)
CURRENT ASSETS		
Cash	\$ 0	\$ 2,711
Accounts Receivable, Net	9,900	2,773
Inventory at Cost	77,611	25,069
Prepaid Expenses	2,257	757
Total Current Assets	89,768	31,310
EQUIPMENT, NET	55,706	56,626
OTHER ASSETS		
Patents and Software, Net	-	-
Deposits	20,000	20,000
Intangible Assets	3,982	-
Total Other Assets	23,982	20,000
TOTAL ASSETS	\$ 168,856	\$ 107,936

LIABILITIES AND STOCKHOLDERS'
EQUITY

LIABILITIES

Bank Overdraft	\$ 1,519	\$ 0
Accounts Payable	1,180,704	234,556
Other Payables	401,657	870,914
Notes Payable	1,118,241	1,118,241
Accrued Interest Payable	83,696	81,626
Warranty Accrual	34,570	34,570
Customer Deposits	103,371	103,371
Total Liabilities	2,923,758	2,443,278

STOCKHOLDERS' EQUITY

Common Stock authorized is 100,000,000 shares,
par value \$0.001, Issued and outstanding on
March 31, 2006 and December 31, 1005 is
18,413,231 and 17,838,231 respectively

18,413

17,838

Edgar Filing: SKYE INTERNATIONAL, INC - Form 10QSB

Paid in Capital	7,851,258	7,436,333
Common Stock Subscribed	120,000	275,000
Accumulated Deficit	(10,743,974)	(10,064,513)
Total Stockholders' Equity (Deficit)	(2,754,302)	(2,335,342)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 168,856	\$ 107,936

The accompanying notes are an integral part of these statements

Skye International, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Mos. Ended March 31, 2006	Three Mos. Ended March 31, 2005
INCOME		
Product Sales	\$ 8,032	\$ 55,027
Other Income	2,600	-
Total Income	10,632	55,027
Cost of Goods Sold	1,074	22,822
Gross Income	9,558	32,205
EXPENSES		
Legal and Professional	456,941	19,279
General and Administrative	193,611	153,845
Research and Development	-	158,918
Advertising/Marketing	27,929	813
Loss on Disposal of Assets	-	-
Interest Expense	8,631	64,874
Depreciation	1,906	9,178
Amortization	-	6,614
Total Expenses	689,018	413,521
Net (Loss) before Income Taxes	(679,460)	(381,316)
Income Tax Expense	-	-
NET (LOSS)	\$ (679,460)	\$ (381,316)
Basic and diluted (loss) per share	\$ (0.04)	\$ (0.03)
Weighted Average Number of Common Shares Outstanding	18,197,287	13,172,088

The accompanying notes are an integral part of these statements

Skye International, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF SHAREHOLDERS' 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
Common Shares issued in recapitalization	3,008,078	3,008		-166,940		-163,932

Edgar Filing: SKYE INTERNATIONAL, INC - Form 10QSB

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		0
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

Skye International, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF SHAREHOLDERS' DEFICIT - continued
(Unaudited)

	Common Stock Shares	Common Stock Amount	Common Stock Subscribed	Paid In Capital	Accumulated Deficit	Total Equity	
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		50,000	50	12,450		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	275,000	7,436,333	-10,064,513	-2,335,340
Common Shares granted but not issued at 3-31-06				55,000		55,000	
Common Shares issued in conjunction with related party consulting contracts		205,000	205	205,295		205,500	
Issuance of common stock in private placements, previously subscribed		370,000	370	-210,000	209,630	0	
Net (Loss)					-679,460	-679,460	
Balance March 31, 2006		18,413,231	18,414	120,000	7,851,258	-10,743,973	-2,754,300

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, 2006	Three Mos. Ended March 31, 2005
Operating Activities		