SKYE INTERNATIONAL, INC
Form 10-Q
November 16, 2010

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

Form 10-Q

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

For the quarterly period ended September 30, 2010

o 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.)

7756 E. Greenway Rd., Scottsdale, AZ 85260
(Address of principal executive offices) (Zip Code)

(480) 993-2300
(Registrant's telephone number, including area code)

7701 E. Gray Rd., Suite 104, Scottsdale, AZ 85260
(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.
x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). o

Yes o No (not required)

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	o	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	x

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 16,287,323 shares of Common Stock, $0.001 par value, as of September 30, 2010.

SKYE INTERNATIONAL, INC. AND SUBSIDIARIES
(DEBTOR-IN-POSSESSION)
CONDENSED CONSOLIDATED BALANCE SHEETS

		September 30, 2010 (unaudited)		December 31, 2009
ASSETS				
CURRENT ASSETS				
Cash	$	12,382	$	333,593
Accounts Receivable		3,733		16,152
Inventory		752,585		723,617
Prepaid Expenses		34,953		12,948
Total Current Assets		803,653		1,086,310
EQUIPMENT, NET		66,108		56,252
OTHER ASSETS				
Patents		9,569		10,089
Deferred Financing Costs		14,233		19,802
Total Other Assets		23,802		29,891
Total Assets	$	893,563	$	1,172,453
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
CURRENT LIABILITIES				
Accounts Payable	$	39,311	$	157,226
Accrued Expenses		9,211		2,039
Current Portion, Long term debt		1,706		10,068
Accrued Interest Payable		227,060		8,101
Warranty Accrual		32,487		39,951
Total Current Liabilities		309,775		217,385
LONG-TERM LIABILITIES				
Notes Payable		2,560		2,986
Notes Payable - Related Parties		1,380,000		500,000
Total Liabilities		1,692,335		720,371
LIABILITIES SUBJECT TO COMPROMISE		2,476,400		2,421,926
STOCKHOLDERS' EQUITY (DEFICIT)				
Common Stock: 25,000,000 shares authorized at $0.001par value; Issued and outstanding 16,287,323 and				

15,767,323 shares, respectively		16,287		15,767
Additional Paid in Capital		15,718,008		15,588,528
Accumulated Deficit		(19,009,467)		(17,574,139)
Total Stockholders' Equity (Deficit)		(3,275,172)		(1,969,844)
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)	$	893,563	$	1,172,453

The accompanying notes are an integral part of these statements.

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SKYE INTERNATIONAL, INC. AND SUBSIDIARIES
(DEBTOR-IN-POSSESSION)
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009 (restated)
REVENUES				
Product Sales	$ 22,030	$ 20,324	$ 67,309	$ 147,965
Other Income	1	826	174	2,021
Total Revenues	22,031	21,150	67,483	149,986
Cost of Goods Sold	23,945	16,536	65,789	128,278
Gross Profit (Loss)	(1,914)	4,614	1,694	21,708
OPERATING EXPENSES				
Legal and Professional	32,785	109,870	154,177	382,812
General and Administrative	161,058	240,144	526,674	1,380,980
Research and Development	25,239	7,871	128,477	26,991
Advertising and Marketing	33,339	30,647	122,700	90,731
Depreciation	5,570	6,088	16,028	18,228
Total Operating Expenses	257,991	394,620	948,056	1,899,742
Net Loss from Operations	(259,905)	(390,006)	(946,362)	(1,878,034)
OTHER INCOME (EXPENSE)				
Gain on Extinguishment of Debt	-	-	-	75,000
Reorganization Costs	(28,896)	-	(135,738)	-
Interest Expense	(122,473)	(38,467)	(353,226)	(119,267)
Total Other Income (Expense)	(151,369)	(38,467)	(488,964)	(44,267)
Net Loss before Income Taxes	(411,274)	(428,473)	(1,435,326)	(1,922,301)
Income Tax Expense	-	-	-	-
NET LOSS	$ (411,274)	$ (428,473)	$ (1,435,326)	$ (1,922,301)
Basic and diluted income (loss) per share	$ (0.03)	$ (0.03)	$ (0.09)	$ (0.13)

Weighted Average Number of Common Shares Outstanding	16,173,898	14,466,320	16,071,609	14,932,074

The accompanying notes are an integral part of these statements.

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SKYE INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine Months Ended September 30, 2010	2009 (restated)
Cash Flows from Operating Activities		
Net Loss	$ (1,435,326)	$ (1,922,301)
Adjustments to reconcile net loss to cash used in operating activities:		
Gain on Extinguishment of Debt	-	(75,000)
Depreciation Expense	16,028	18,228
Amortization of Discount on Notes Payable	82,208	54,000
Amortization of Patents	520	-
Amortization of Financing Costs	5,569	22,277
Shares and Options Issued for Services Rendered	130,000	814,964
Changes in assets and liabilities:		
Inventory	(28,968)	(240,993)
Accounts Receivable	12,418	(5,842)
Prepaid Expense	(22,004)	39,747
Deposits	-	(2,341)
Accrued Interest Payable	218,960	126,188
Accounts Payable and Accrued Expenses	(155,230)	101,140
Net Cash (Used) in Operating Activities	(1,175,825)	(1,069,933)
Cash Flows from Investing Activities		
Purchase of Assets	(16,598)	(8,392)
Net Cash (Used) in Investing Activities	(16,598)	(8,392)
Cash Flows from Financing Activities		
Repayment of Notes Payable	(8,788)	(17,862)
Proceeds from Notes Payable	80,000	949,851
DIP Financing Related Party	800,000	-
Proceeds from Common Stock	-	116,000
Net Cash Provided by Financing Activities	871,212	1,047,989
Net Decrease in Cash	(321,211)	(30,336)
Cash, Beginning of Period	333,593	37,822
Cash, End of Period	$ 12,382	$ 7,486
Cash paid for:		
Interest	$ -	$ -

Taxes	$ -	$ -

The accompanying notes are an integral part of these statements.

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SKYE INTERNATIONAL, INC. AND SUBSIDIARIES
(Debtor-In-Possession)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2010 (unaudited)

Note 1. CONDENSED FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at September 30, 2010, and for all periods presented herein, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2009 audited financial statements. The results of operations for the periods ended September 30, 2010 and 2009 are not necessarily indicative of the operating results for each respective full year.

Note 2. VOLUNTARY PETITION UNDER CHAPTER 11

On December 16, 2009, the Company ("Debtor") filed a Voluntary Petition under Chapter 11 of the federal bankruptcy laws in the United States Bankruptcy Court for the District of Nevada (the "Bankruptcy Court"). Under Chapter 11, certain claims against the Debtor in existence before the filing of the Voluntary Petition under the federal bankruptcy laws are stayed while the Debtor continues business operations as Debtor-in-Possession. These claims are classified as liabilities subject to compromise. Additional claims (liabilities subject to compromise) may arise after the filing date resulting from rejection of executor contracts, including leases, and from the determination by the court (or agreed to by parties in interest) of allowed claims for contingencies and other disputed amounts. Claims secured against the Debtor's assets (secured claims) also are stayed, although the holders of such claims have the right to move the court for relief from the stay. Secured claims are secured primarily by liens on the Debtor's property, plant, and equipment.

On April 19, 2010, the Company filed its Disclosure Statement and Plan of Reorganization (the "Reorganization Plan") with the Bankruptcy Court and a copy of such Reorganization Plan was mailed to all creditors and shareholders. On or about May 6, 2010, the Company filed a motion with the Bankruptcy Court seeking approval to file an amended Reorganization Plan (the "Amended Reorganization Plan"). On May 28, 2010, the Bankruptcy Court entered its order conditionally approving the Amended Disclosure Statement and Plan of Reorganization and setting the matter for a Plan confirmation hearing on August 24, 2010. On or about July 9, 2010, the Amended Joint Disclosure Statement and Plan of Reorganization was mailed to creditors and equity holders together with ballots for voting for approval or non-approval of the Amended Reorganization Plan. The ballots were required to be returned on or before August 16, 2010. Subsequently, ballots were returned and creditors and equity holders approved the plan. On September 2, 2010 the Bankruptcy Court issued its Order confirming the Amended Reorganization Plan. The Company incurred $125,338 of legal costs and $10,400 of trustee costs relative to the bankruptcy during the nine months ended September 30, 2010.

Note 3. GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The Company has incurred net losses since inception with an accumulated deficit of $19,009,467 as of September 30, 2010. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

SKYE INTERNATIONAL, INC. AND SUBSIDIARIES
(Debtor-In-Possession)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2010 (unaudited)

Management's Plans
The Company has expended considerable efforts in working with its contract manufacturer in order to begin the production of its new line of products. The Company expects that the first commercial units will be produced in the fourth quarter 2010 with sales and delivery to also commence during such period. The Company expects that it may take up to one year for the production design and processes to stabilize. The Company has continued to focus development efforts on the commercialization of its patented Paradigm™ technology. The Company is in the process of reducing manufacturing costs. The Company is currently negotiating with critical suppliers to jointly complete the commercialization process and then subsequently engage in engineering for manufacturing phase. The Company has developed and continues to grow its sales and distribution network.

The Company has funded all of its capital needs over the 2010 fiscal year by way of private placements and loans from related parties. The Company's business strategy requires it to raise in excess of $2 million over the next 12-month period in order to fully execute its business plan. Management believes that, in order to properly launch the introduction of its products, it will be necessary to supply a sufficient volume of product to meet wholesale demand.

Note 4. INVENTORY

The Company contracts with a third party to manufacture the units and is neither billed for nor obligated for any work-in-process. The Company only supplies certain parts and materials and is then billed for completed products. The majority of inventory is in finished goods. Parts and material inventory is stated at the lower of cost (first-in, first-out) or net realizable value that was $752,585 at September 30, 2010. Parts and materials purchased for development and testing are expensed directly to Research and Development.

Note 5. USE OF ESTIMATES

The discussion and analysis of the Company's financial condition and results of operations are based upon the Company's consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires making estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions or conditions. Critical accounting policies are defined as those that entail significant judgments and estimates, and could potentially result in materially different results under different assumptions and conditions.

Note 6. SIGNIFICANT EVENTS

During the nine months ended September 30, 2010, the Company issued 520,000 shares of common stock to related parties for compensation in lieu of cash at $0.25 per share.

During the nine months ended September 30, 2010, the Company issued $880,000 in related party notes payable. The related party notes payable bear interest at 10%, and are due the earlier of two years from the date of funding of the first tranche under the Debtor-in-Possession financing or the closing of the Chapter 11 bankruptcy.

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SKYE INTERNATIONAL, INC. AND SUBSIDIARIES
(Debtor-In-Possession)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2010 (unaudited)

Note 7. RECENT ACCOUNTING PRONOUNCEMENTS

In October 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance on multiple-deliverable revenue arrangements, which is effective for the Company on January 1, 2011 for new revenue arrangements or material modifications to existing agreements. The guidance amends the criteria for separating consideration in multiple-deliverable arrangements. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence; (b) third-party evidence; or (c) estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, this guidance significantly expands required disclosures related to a vendor's multiple-deliverable revenue arrangements. The Company is currently evaluating the effect the adoption of the guidance will have on its financial position, results of operations, cash flows and related disclosures.

In July 2010, the FASB issued authoritative guidance on disclosures about the credit quality of financing receivables and the allowance for credit losses, which is effective for the Company on December 31, 2010. The guidance requires additional disclosures that facilitate financial statement users' evaluation of: (a) the nature of credit risk inherent in the entity's portfolio of financing receivables; (b) how that risk is analyzed and assessed in arriving at the allowance for credit losses; and (c) the changes and reasons for those changes in the allowance for credit losses. In addition, the guidance amends current requirements to include additional disclosures about financing receivables, including: (a) credit quality indicators of financing receivables at the end of the reporting period by class of financing receivables; (b) the aging of past due financing receivables at the end of the reporting period by class of financing receivables; and (c) the nature and extent of troubled debt restructurings that occurred during the period by class of financing receivables and their effect on the allowance for credit losses. The Company is currently evaluating the effect the adoption of the guidance will have on its financial position, results of operations, cash flows and related disclosures.

Note 8. BANKRUPTCY PROCEEDINGS

As a consequence of the Company's Chapter 11 bankruptcy proceeding, substantially all claims against the Company in existence prior to the filing of the Voluntary Petition or relating to acts or omissions prior to the filing of the Voluntary Petition for relief are stayed. These claims are reflected in the accompanying Consolidated Balance Sheet as "Liabilities subject to compromise" as of September 30, 2010. These amounts represent the Company's best estimate of known or potential pre-petition liabilities that are probable of resulting in an allowed claim against the Company in connection with the Chapter 11 case and are recorded at the estimated amount of the allowed claim which may be different from the amount for which the liability will be settled. Such claims remain subject to future adjustments. Adjustments may result from actions of the Bankruptcy Court, negotiations, rejection or acceptance of executory contracts and real property leases, determination as to the value of any collateral securing claims, proofs of claim or other events.

SKYE INTERNATIONAL, INC. AND SUBSIDIARIES
(Debtor-In-Possession)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2010 (unaudited)

Liabilities subject to compromise consist of the following:

		As of September 30, 2010
Convertible Notes made in favor of a related party, unsecured, mature five-years from issue date, bear 10% interest payable quarterly, principal and interest convertible into one common share for each outstanding $0.25. Principal amount of $1,500,000 net of the discount for the fair value of the beneficial conversion feature of $371,979 as of September 30, 2010	$	1,128,021
Unsecured Demand Note made in favor of related party, 10% interest		25,000
Secured Loan made in favor of related party, 10% interest, due at September 4, 2012		369,800
Unsecured Demand Note made in favor of former affiliate, 10% interest		150,000
Secured Loan made in favor of related party, 10% interest, due at September 4, 2012		164,000
Unsecured Demand Loan made in favor of former affiliate, 10% interest		78,000
Total Debt Subject to Compromise		1,914,821
Accounts Payable		273,290
Accrued Interest Payable		288,289
Total Liabilities Subject to Compromise	$	2,476,400

Reorganization expenses are presented separately in the consolidated Statements of Operations on a net basis and represent items realized or incurred as a direct result of the Company's Chapter 11 proceedings. For the nine months ended September 30, 2010, the Company incurred $125,338 in legal fees and $10,400 in trustee fees relating to the bankruptcy.

Note 9. RESTATEMENT OF FINANCIAL STATEMENTS

In August 2009, the Company was informed that the Public Company Accounting Oversight Board ("PCAOB") revoked the registration of Moore & Associates Chartered ("Moore") who was serving as the Company's independent auditor. The revocation was a result of Moore's violation of PCAOB rules and auditing standards. This revocation of Moore's registration required the Company to have the financial statements issued for the year ended December 31, 2008 re-audited.

The re-audit produced material differences from the previously filed versions. Originally, the Company miscalculated the 2008 beneficial conversion feature which resulted in an understatement of liabilities amounting to $540,000 and a nominal change in the related interest expense. Further, the Company miscalculated the fair value of stock options that were granted during 2008, resulting in an understatement of the expense amounting to $129,912. The re-audit differences impacted the March 2009 original filing. In addition, for the year ended December 31, 2009, the Company miscalculated the fair value expense of stock options that were granted during the period ended March 31, 2009 resulting in an understatement of the fair value expense amounting to $571,167. These restatements impacted the six months ended June 30, 2009 statements. Included in this filing are the restated nine months ended September 30, 2009 financial statements. For comparative purposes, the table below presents the re-audited balance sheet and income statement compared to the original filing for period ended September 30, 2009.

SKYE INTERNATIONAL, INC. AND SUBSIDIARIES
(DEBTOR-IN-POSSESSION)
CONSOLIDATED BALANCE SHEETS

	Restated September 30, 2009 (unaudited)	As filed September 30, 2009 (unaudited)
ASSETS		
CURRENT ASSETS		
Cash	$ 7,486	$ 7,486
Accounts Receivable	10,693	10,693
Inventory	684,971	684,971
Prepaid Expenses	51,924	51,924
Total Current Assets	755,074	755,074
EQUIPMENT, NET	62,340	62,340
OTHER ASSETS		
Patents, Net	10,263	10,263
Total Other Assets	10,263	10,263
Total Assets	$ 827,677	$ 827,677
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts Payable	$ 486,716	$ 486,716
Accrued Expenses	5,496	5,496
Current Portion, LT Debt	3,975	3,975
Notes Payable - Related Parties	253,000	253,000
Accrued Interest Payable	260,603	260,603
Warranty Accrual	40,849	40,849
Total Current Liabilities	1,050,639	1,050,639
LONG-TERM LIABILITIES		
Notes Payable	13,230	13,230
Convertible Notes Payable, net	2,184,345	1,632,600
Total Liabilities	3,248,214	2,696,469
STOCKHOLDERS' EQUITY (DEFICIT)		
Common Stock: 25,000,000 shares authorized at $0.001par value; Issued and outstanding 13,327,915 and 13,327,915 shares, respectively	15,317	15,317
Common Stock Subscribed	0	0
Additional Paid in Capital	14,835,731	14,674,652
Accumulated Deficit	(17,271,586)	(16,558,761)
Total Stockholders' Equity (Deficit)	(2,420,538)	(1,868,792)
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)	$ 827,677	$ 827,677

SKYE INTERNATIONAL, INC. AND SUBSIDIARIES
(DEBTOR-IN-POSSESSION)
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Nine Months Ended September 30	
	2009 Restated	2009 As Filed
REVENUES		
Product Sales	$ 147,965	$ 147,965
Other Income	2,021	2,020
Total Revenues	149,986	149,985
Cost of Goods Sold	128,278	128,278
Gross Profit	21,708	21,707
EXPENSES		
Legal and Professional	382,812	382,812
General and Administrative	1,380,980	809,813
Research and Development	26,991	26,991
Advertising and Marketing	90,731	90,732
Depreciation	18,228	18,228
Total Expenses	1,899,742	1,328,576
Loss from Operations	(1,878,034)	(1,306,869)
OTHER INCOME AND (EXPENSE)		
Gain on Extinguishment of Debt	75,000	75,000
Interest Expense	(119,267)	(119,265)
Total Other Income (Expense)	(44,267)	(44,265)
Net Loss before Income Taxes	(1,922,301)	(1,351,134)
Income Tax Expense	-	-
NET LOSS	$ (1,922,301)	$ (1,351,134)
Basic and diluted loss per share	$ (0.13)	$ (0.09)
Weighted Average Number of Common Shares Outstanding	14,932,074	14,932,074

Note 10. SUBSEQUENT EVENTS

In accordance with ASC 855-10, Company management reviewed all material events through the date of this report and determined that there are no material subsequent events to report, other than as disclosed herein.

On November 12, 2010, the Company filed a Certificate of Amendment to its Articles of Incorporation that increased the number of authorized shares of common stock to 100,000,000 and created 25,000,000 shares of preferred stock.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objections of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements or belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words "may," "could," "estimate," "intend," "continue," "believe," "exp "anticipate" or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. Except for our ongoing securities laws, we do not intend, and undertake no obligation, to update any forward-looking statement. Additionally, the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 most likely do not apply to our forward-looking statements as a result of being a penny stock issuer. You should, however, consult further disclosures we make in future filings of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include, but are not limited to:

- our ability to diversify our operations;
- our ability to successfully compete in the energy efficient industry, including our ability to achieve EnergyStar® recognition of our products;
- our inability to raise additional financing for working capital;
- the fact that our accounting policies and methods are fundamental to how we report our financial condition and results of operation which may require management to make estimates about matters that are inherently uncertain;
- our ability to attract key personnel;
- our ability to operate profitably;
- deterioration in general or regional economic conditions;
- changes in U.S. GAAP or in the legal, regulatory and legislative environments in the markets in which we operate;
- adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- our inability to achieve future sales levels or other profitable operating results;
- the inability of management to effectively implement our strategies and business plans;
- the unavailability of funds for capital expenditures.

AVAILABLE INFORMATION

We file annual, quarterly and special reports and other information with the SEC that can be inspected and copied at the public reference facility maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549-0405. Information regarding the public reference facilities may be obtained from the SEC by telephoning 1-800-SEC-0330. The Company's filings are also available through the SEC's Electronic Data Gathering Analysis and Retrieval System which is publicly available through the SEC's website (www.sec.gov). Copies of such materials may also be obtained by mail from the public reference section of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549-0405 at prescribed rates.

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

The following discussion should be read in conjunction with the financial statements and accompanying notes included in this Form 10-Q.

Business of the Company

The Company is in the business of designing, developing, and marketing consumer water heating appliances. All of the Company's products are designed by in-house engineering and contract engineers from third party engineering firms. In an effort to transition to a "fabrication free" business model, all appliances produced for the Company are manufactured by third party contract manufacturers. The Company first entered its current line of business through the acquisition of Envirotech and its product line - the ESI-2000 electric tankless water heater. Though viewed by many to be a significant advancement in whole house electric tankless water heaters, the ESI-2000 product line never achieved critical sales levels, and thus production of the ESI-2000 product line concluded in late 2005. In response to lackluster ESI-2000 product sales, the Company engaged in a substantial research and development program to design a line of replacement heating appliances. The first product that the Company released to the market in October 2008 in limited volumes was the FORTIS™ electric tankless whole house water heater. The Company believes that the FORTIS™ offers the following advantages: its small size, ease of installation, and its ability to supply virtually endless amounts of hot water with energy savings. The FORTIS™ uses advanced technology and high quality stainless steel components that are expected to provide increased reliability and longevity. SKYE's tankless water heaters generate heated water only as long as hot water is required and only at the temperature desired. Since electricity is only used when heated water is required, the cost of heating water can be reduced by as much as 40% or more compared to a storage type water heater. Because all of SKYE's products are compact, durable, self-contained and safe, they can be easily installed close to where hot water is being used, and they are ideal for condos, apartments, multifamily residences and homes where space is at a premium or where instant hot water is desired.

Liquidity and Capital Resources.

On December 16, 2009 we filed a voluntary petition of Bankruptcy in the United States Bankruptcy Court for the District of Nevada in Reno, Nevada (the "Bankruptcy Court") seeking Debtor-in-Possession status while we pursue reorganization under Chapter 11. At the time of the voluntary petition filing, we claimed total liabilities of $3,167,387 and total assets of $1,050,529. Additionally, the schedules to the voluntary petition disclosed three creditors holding secured claims of $577,332 and 53 creditors holding unsecured claims of $2,590,055. On December 21, 2009, the Bankruptcy Court issued an Order approving a Debtor-in-Possession interim financing plan between the Company and Summit Growth Management LLC ("Summit") in the gross amount of $500,000 less fees, expenses, legal fees and a prior loan of $80,000. At a hearing on February 19, 2009, the Court issued a Final Order approving the terms of the Debtor-in-Possession financing agreement ("DIP Financing Agreement") between the Company and Summit in the total gross amount of $2,000,000. The DIP Financing Agreement is more fully described in the exhibits to the registrant's report on Form 8-K, filed December 17, 2009. The Company prepared and filed a Joint Plan of Reorganization and Disclosure Statement that was subsequently mailed to our creditors and shareholders for consideration and approval.

On or about May 6, 2010, we filed a motion with the Bankruptcy Court seeking approval to file an amended plan of reorganization (the "Amended Reorganization Plan"), which motion was approved on May 25, 2010. On May 20, 2010, we filed our Amended Joint Disclosure Statement and Plan of Reorganization. On May 28, 2010, the Bankruptcy Court entered its order conditionally approving the Amended Disclosure Statement and Plan of Reorganization and setting the matter for a Plan Confirmation hearing on August 24, 2010. On or about July 9, 2010, the Amended Joint Disclosure Statement and Plan of Reorganization was mailed to creditors and equity holders of the Company together with ballots for voting for approval or non-approval of the Amended Reorganization Plan which ballots were required to be returned for tally on or before August 16, 2010. Subsequently ballots were returned and creditors and equity holders approved the plan. On September 2, 2010 the Bankruptcy Court issued its Order confirming the Amended Reorganization Plan.

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through equity and/or debt financing. Since inception, we have financed our cash flow requirements primarily through issuances of common stock and debt. As we continue our activities, we are likely to continue to experience net negative cash flows from operations, pending receipt of significant revenues from sales of our products. Most of the Company's cash needs have been met through loans advanced to the Company by certain of its related party directors and some private placement purchases. The Company expects that additional operating losses will occur until revenue is sufficient to offset the costs incurred for marketing, sales and product development. Until the Company has achieved a sales level sufficient to break even, it will not be self-sustaining or competitive in the areas in which it intends to operate. The Company will require additional working capital for general operations and otherwise to implement its sales and marketing plans. We anticipate obtaining additional financing to fund operations through draws on the DIP Financing, common stock offerings, debt offerings and bank borrowings, to the extent available and if approved by the Bankruptcy Court during the Chapter 11 proceedings, or to obtain additional financing to the extent necessary to augment our working capital. In the event we cannot obtain the necessary capital to pursue our strategic plan, we may have to significantly curtail our operations. This would materially impact our ability to continue operations. There is no assurance that the Company will be able to obtain additional funding when needed, or that such funding, if available, can be obtained on terms acceptable to the Company, or if acceptable, that such funds will be approved by the Bankruptcy Court. It is likely that any debt or equity financing will have a negative impact on our financial condition and will result in additional dilution of our stockholders common share interests and this dilution could be significant.

At September 30, 2010, we had cash and working capital of $12,382 and $493,878, respectively, as compared to cash of $333,953 and working capital of $868,925 at December 31, 2009. The decrease was due primarily to the net loss for the period. For the nine months ended September 30, 2010, operating activities used $1,175,825 of cash. Proceeds from the DIP Financing in the amount of $800,000 partially offset the cash used, resulting in a decrease of cash of $321,211. For the nine months ended September 30, 2009, operating activities used cash of $1,069,933, while financing activities, principally proceeds from borrowing and the sale of common stock, provided cash of $1,047,989.

As a measure to reduce cash expenditures, we issued a total of 510,000 restricted common shares to a past President, Chief Financial Officer, and Chief Operating Officer valued at $127,500 for compensation during the nine months ended September 30, 2010.

Satisfaction of our cash obligations for the next 12 months.

As of September 30, 2010, we did not have sufficient available cash to pursue our business plan. With the intention to continue to expand FORTIS™ production, begin Paradigm™ production and acquire additional Heatwave™ inventory for distribution, we intend to make further debt draws available to us under the Court approved DIP Financing and also plan to seek financing for operations through equity and/or debt or other means that may become available to us. If we are not able to receive any additional funds, we cannot continue our proposed business operations.

Summary of any product research and development that we will perform for the term of the plan.

We anticipate contracting with outside engineering firms to provide the necessary research and development for new product lines incorporating the Company's Paradigm™ technology. Over the balance of fiscal 2010 the Company expects to expend approximately $30,000 to $50,000 in additional research and development initiatives to complete engineering on new product offerings currently under development, including three-phase and commercial water heaters, as well as heaters designed to incorporate solar additions. A significant amount of effort and cash expenditures have been recently focused on completing the safety certification of our pending Paradigm™ product line. However, certification fees will continue as we seek safety certifications of new products generated from current engineering efforts.

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Expected purchase or rent of plant and significant equipment.

On July 19, 2010, the Company signed a three-year lease for 9,830 square feet of office and warehouse space located at 7756 East Greenway Road, Scottsdale, Arizona 85260. The monthly rent is $5,803 for August through November of 2010; $8,855 for December 2010 through July 2012; and $9,121 for August 2012 through July 2013.

On August 3, 2010, the Company moved into this new facility.

Plan of Operation and Executive Summary

The Company is in the business of designing, contracting for the production of, and marketing consumer lifestyle appliances, including, initially a full suite of electric tankless water heaters. The Company's premier consumer product is the FORTIS™, a series of whole-house electric tankless water heaters. The Company markets the FORTIS™ tankless water heater through wholesale distribution reached primarily through an established and growing list of manufacturer representatives (outside contracted sales force) located in many states across the United States. Effective June 30, 2009, the Company added, on a test basis, the Internet direct marketing channel to produce sales through its newly formed subsidiary Tankless.com, Inc. The Company expects that the wholesale channel will continue to be the largest distribution channel for the Company and, to this end, it expects to continue to fully support its wholesale channel efforts through significant additions to its internet presence to provide a feature and content rich website for consumer information on the Company's "green" products and general tankless product information and specifications. To support the wholesaler's changing needs, the Company has modified its distribution procedure to now warehouse inventory in select cities closer to the customer.

Having recently received Intertek safety certification to the UL499 and CSA C22.2 standards, the Company commenced sales of its private labeled HeatWave™ product line as of June 1, 2009. The Company believes that its HeatWave™ product is an innovative, powerful and inexpensive commercial point-of-use solution for local hot water code compliance in commercial buildings. Initial product supply volumes were limited in 2009 and thus we did not generate significant revenues from this product line. Commencing February 2010, we have greater product availability and thus we anticipate expanding the sales of the HeatWave™ product line. Specifically, we intend to position the HeatWave™ as a low cost code compliance alternative to traditional immersion resistance products. Leveraging the rapid heat delivery and significant duty cycle of the HeatWave™, management believes that it will soon become a plumbing specified unit of choice for many builders and mechanical specifiers.

The Company has been diligently pursuing the steps necessary to bring its Paradigm™ technology into commercial production. During the latter part of the third quarter of 2009, the Company submitted its proprietary Paradigm™ series point-of-use water heater in 208VAC, 240VAC and 277VAC for safety certification to the UL499 and CSA C22.2 standards. As of the date of this Report, we have received certification under the UL 499 and CSA 22.2 standards only for the 208VAC and 240VAC models. We are awaiting the results of ongoing safety investigations for further certification under UL 499 and CSA C22.2 for the 277VAC model. In order to expedite the availability of this product, we have commenced the purchase of all the manufacturing tooling required to produce the Paradigm™ booster series. Initially, product production volumes will be limited in order to test overall demand so as to manage the amount of capital necessary for this specific product line. As demand warrants, we expect to increase production. Therefore, we have contracts in place that provide significant flexibility to quickly expand production to meet expected product demand. First deliveries of the Paradigm™ product line is expected during the third quarter of 2011.

The Company has established relationships with several contract manufacturers to provide product manufacturing services. The Company has both low volume and high volume manufacturers available for all products except the HeatWave™ which currently has a single source supplier. Depending on the product demand, we are able to select a manufacturer for each specific product manufacturing run. As is the case with all new product introductions, we expect that it may take up to one year for the production and design processes to stabilize for each product line. Once such processes and designs have stabilized, the Company will seek and implement product cost reductions accordingly. As of the date of this Report, we have run extensive cost reduction analysis on the FORTIS™ product line that has resulted in certain design and component supplier changes. The financial impact of these cost reduction steps will not be realized until late 2010 or early 2011.

Over the balance of 2010, we will continue to focus our efforts on expanding sales of our FORTIS™ and HeatWave™ product lines through focused marketing efforts to plumbers, electricians and homebuilders across North America. Additionally we expect to continue our research and development program to develop three-phase commercial tankless water heaters for regulatory certification in 2010. We will continue our lobbying efforts to gain recognition under the Environmental Protection Agency's "EnergyStar®" program and we will continue to work closely with our industry associations and Federal government to ensure that electric tankless becomes eligible for energy efficiency programs as they develop. We will continue to work and build our sales and customer service infrastructure to support product sales and revenue for the Company. We are currently engaged in a concerted effort to appoint manufacturer representatives over the balance of states in which we intend to focus our sales efforts. As a means to support our overall sales initiatives over the balance of 2010, we expect to add new features and functionality to our website including streaming video guides for installation and troubleshooting so that our potential customers can easily access consumer product information as a part of their buying process. All of our efforts are being done with a view to building a high quality brand that will continue to garner recognition in the industry as a premier supplier of high-end appliances. We will continue to support our wholesale distribution channel and work with our customers and wholesale partners to grow our business into a respected and trusted manufacturer of high-quality appliances.

Results of Operations

Three months ended September 30, 2010 compared to three months ended September 30, 2009

Revenues for the third quarter ended September 30, 2010 were $22,030 compared to revenues of $20,324 for the three months ended September 30, 2009, an increase of $1,706 (9%). This increase in sales revenues was immaterial.

The negative gross profit for the third quarter ended September 30, 2010 continues to be attributable to an increase in freight not charged to customers and an increase in credits to customers for returned units not replaced.

Operating expenses decreased $136,629 (35%). We reduced legal and professional expenses by $77,085 (70%), as all of our lawsuits have been stayed due to our Chapter 11 filing in the Bankruptcy Court. General and administrative expenses decreased by $79,086 (33%) during the three-month period ended September 30, 2010 as compared to the same period in 2009. The decrease was attributed to reduced management salaries and fees. Research and development expenses increased $17,368 (221%). This increase represents the final drive to bring our new Paradigm™ product line to the market.

We incurred an operating loss of $259,905, a decrease of $130,101 (33%) from the comparable 2009 period.

We recognized other expense of $151,369 in 2010, as compared to $38,467 in 2009, an increase of $112,902. The increase in other expense was due to reorganization expenses of $28,896 and interest expense of $122,473 which includes interest for the Chapter 11 DIP financing in 2010.

The net loss for the three months ended September 30, 2010 was $411,274 which represents a 4% decrease in the loss recorded in the September 30, 2009 period of $428,473. The decrease in the loss resulted from reduced legal and general and administrative costs.

Nine months ended September 30, 2010 compared to nine months ended September 30, 2009

Revenues for the nine months ended September 30, 2010 were $67,309, compared to revenues of $147,965 for the nine months ended September 30, 2009, a decrease of $80,656 (55%). The decrease in revenues was attributable to a decline in the sales of our FORTIS™ product line. As described above, the Company eliminated a minimum purchase requirement for its wholesalers in 2010, resulting in fewer units being sold during the current period. In addition, the wholesale price per unit was reduced.

The gross profit margin for the nine months ended September 30, 2010 was 2.5% compared to 14.7% for the same period in 2009. This percentage decrease is also a result of eliminating minimum unit purchase requirements for wholesalers in 2010, reducing the wholesale price per unit, and increasing freight.

Operating expenses decreased $951,686 (50%). We reduced legal and professional expenses by $228,635 (60%), as all of our lawsuits have been stayed due to our Chapter 11 filing in the Bankruptcy Court. General and administrative expenses decreased by $854,306 (62%) during the nine month period ended September 30, 2010 as compared to the same period in 2009. The decrease is attributable to no stock options being issued during the nine months ended September 30, 2010. Research and development expenses increased $101,486 (376%). The majority of the increase is attributable to payment for research and development on the new Paradigm™ product line. Additionally, advertising and marketing expenses increased $31,969 (35%) due to renewed emphasis on our sales and marketing efforts.

We incurred an operating loss of $946,362 a decrease of $931,672 (50%) from the comparable 2009 period.

We recognized other expense of $488,964 in 2010, as compared to $44,267 in 2009, an increase of $444,697. The increase in other expense was due to reorganization expenses of $135,738 incurred in 2010. Interest expense was also higher by $233,959 (196%) in 2010 because of the interest on the DIP financing.

The net loss for the nine months ended September 30, 2010 was $1,435,326 which represents a (25%) decrease in the loss recorded in the September 30, 2009 period of $1,922,301. The increase in the loss resulted from lower sales for the nine months ended September 30, 2010 and costs associated with the reorganization.

Going Concern

The report of our independent registered public accounting firm on the financial statements for the year ended December 31, 2009, includes an explanatory paragraph indicating substantial doubt as to our ability to continue as a going concern. We have an accumulated deficit of $19,009,467 as of September 30, 2010. We have not generated meaningful revenues in the last two fiscal years. Our ability to establish the Company as a going concern is dependent upon our ability to obtain additional financing, in order to fund our planned operations and ultimately, to achieve profitable operations.

Intangible Assets

The Company's intangible assets consist of three pending patents and five issued patents. Generally a patent has a life of 17 to 20 years. The Company performed an impairment test and has determined that, as of September 30, 2010, no impairment exists on any of the Company's assets based on the present value of future cash flows generated from Company assets.

Critical Accounting Policies

We have identified the following policies as critical to our business operations and the understanding of our results of operations. The preparation of these financial statements require us to make estimates and assumptions that effect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting period. There can be no assurance that actual results will not differ from those estimates. The effect of these policies on our business operations is discussed below where such policies affect our reported and expected financial results.

Revenue Recognition. We record sales when revenue is earned. We sell on credit to our distributors and manufacturer representatives. All shipments are FOB shipping. We had $67,309 and $147,965 in revenue from sales of products during the nine months ended September 30, 2010 and 2009, respectively.

Warranty and Right of Return. In connection with the sale of each product, we provide a limited 30-day money back guarantee less a 15% restocking charge. After the 30 days, we provide a five-year warranty on replacement of parts. The tank chamber is warranted not to leak for 10 years. We have limited history with claims against our warranty. As of September 30, 2010, a total of $32,487 in warranty allowances was recorded against product sales.

Patents. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable based on expected undiscounted cash flows that result from the use and eventual disposition of the asset. The amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. Patent and software costs include direct costs of obtaining patents. Costs for new patents are either expensed as they are incurred or capitalized and amortized over the estimated useful lives of seventeen years and software over five years.

Research and Development. Our research and development efforts concentrate on new product development, improving product durability and expanding technical expertise in the manufacturing process. We expense product research and development costs as they are incurred. We incurred research and development expense of $128,477 and $26,991 during the nine months ended September 30, 2010 and 2009, respectively.

Stock Based Compensation. All share-based payments to employees, including grants of employee stock options are recognized in the income statement based on their fair values. We use the Black-Scholes pricing model for determining the fair value of stock based compensation.

Equity instruments issued to non-employees for goods or services are accounted for at fair value when the service is complete or a performance commitment date is reached.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer, carried out an evaluation of the effectiveness of our “disclosure controls and procedures” (as defined in the Exchange Act, Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report (the “Evaluation Date”). Based upon that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2010, our disclosure controls and procedures were effective to ensure that the information we were required to disclose in reports that we file or submit under the Securities and Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. During the 2008 fiscal year, the Company implemented a new secure accounting system, separated internal responsibilities for accounting, record keeping, check writing and reconciliation between different parties with the Company and also adopted various policies and procedures designed to implement the Integrated Framework issued by COSO. These actions taken in 2008 constituted changes in the Company’s internal control over financial reporting.

Changes in Internal Control over Financial Reporting

During the 2009 fiscal year we tested our procedures and recorded the results thereof in an effort to determine whether such controls continued to provide an effective internal control over financial reporting. We determined that there was a material weakness in the recording of certain equity and debt instruments resulting from a failure to confirm the receipt of transactions by internal accounting and external third party consultants hired to ensure compliance with current accounting and disclosure requirements. As a result we have amended our procedures to include a process by which all equity and debt transactions are recorded, summarized and then transmitted to external consultants. These actions constituted changes in the Company's internal control over financial reporting.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company. Our internal control system is designed 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.

Management has assessed the effectiveness of the Company's internal controls over financial reporting as of September 30, 2010. In making this assessment, management used the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management has concluded that the Company's internal control over financial reporting was effective as of September 30, 2010.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Since the Company's annual report on Form 10K for the period ended December 31, 2009 until the date of this Report, there have been no actions initiated, terminated or that have resulted in material changes from the status as reported for such period.

ITEM 1A. RISK FACTORS

None.

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

During the quarter ended September 30, 2010, the Company issued shares of our common stock in transactions that were not registered under the Securities Act of 1933 as follows:

Persons or Class of Persons	Date of Issue	Securities	Consideration
David Allen	7/16/2010	10,000 shares	As per Employment Agreement

We issued shares in reliance on the exemption from the registration contained in Section 4(2) of the Securities Act of 1933. The shares did not involve a public offering or general solicitation and no underwriters were involved. The recipients of the shares were afforded an opportunity for effective access to the relevant information needed to make their investment decision, including our financial statements. We reasonably believed that the recipients had such knowledge and experience in the Company's financial and business matters that they were capable of evaluating the merits and risks of their investment.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Regulation S-K Number	Exhibit
2.1	Agreement of Share Exchange and Plan of Reorganization dated November 4, 2003 (1)
2.2	Debtor's First Amended Joint Disclosure Statement and Plan of Reorganization (2)
3.1	Articles of Incorporation of Amexan, Inc. (3)
3.2	Articles of Amendment of Articles of Incorporation of Amexan, Inc. (3)
3.3	Articles of Amendment of Articles of Incorporation of Nostalgia Motors, Inc. (4)
3.4	Articles of Amendment of Articles of Incorporation of Elution Technologies, Inc. (5)
3.5	Articles of Amendment of Articles of Incorporation of Tankless Systems Worldwide, Inc. (6)
3.6	Bylaws, as Amended (7)
3.7	Certificate of Change Pursuant to NRS 78.209, as corrected (8)
3.8	Certificate of Amendment to Articles of Incorporation
10.1	2003 Stock Incentive Plan (9)
10.2	2003 Stock Incentive Plan #2 (10)
10.3	2005 Stock Incentive Plan (11)
10.9	Steven G. Mihaylo Trust Convertible Debenture (12)
10.10	Loan Agreement with Thaddeus (Ted) F. Marek dated October 12, 2007 (13)
10.11	Loan Agreement with Perry Logan dated October 12, 2007 (13)
10.12	Security Agreement with Thaddeus (Ted) F. Marek dated October 12, 2007 (13)
10.13	Security Agreement with Perry Logan dated October 12, 2007 (13)
10.14	15% Secured Convertible Promissory Note with Thaddeus (Ted) F. Marek dated October 12, 2007 (13)
10.15	15% Secured Convertible Promissory Note with Perry Logan dated October 12, 2007 (13)
10.16	Personal Services Agreement with Perry D. Logan dated May 15, 2008 (13)
10.17	Personal Services Agreement with Thaddeus (Ted) F. Marek dated May 15, 2008 (13)
10.18	Secured Convertible Promissory Notes, Security Agreement and Short Term Loan Agreement (14)
10.19	Debtor in Possession, Interim Financing and Post-Confirmation Funding Agreement (15)
21.1	Subsidiaries of SKYE International, Inc.
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

(1) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K, filed November 7, 2003.
(2) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K, filed September 9, 2010.
(3) Incorporated by reference to the exhibits to the registrant's registration statement on Form 10-SB, filed October 5, 1999.
(4) Incorporated by reference to the exhibits to the registrant's annual report on Form 10-KSB for the fiscal year ended December 31, 2002, filed May 15, 2003
(5) Incorporated by reference to the exhibits to the registrant's quarterly report on Form 10-QSB for the fiscal quarter ended June 30, 2003, filed August 21, 2003.
(6) Incorporated by reference to the exhibits to the registrant's annual report on Form 10-KSB for the fiscal year ended December 31, 2005.
(7) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K, filed February 24, 2006.
(8) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K, filed May 20, 2008

(9) Incorporated by reference to the exhibits to the registrant's registration statement on Form S-8, file number 333-108728, filed September 12, 2003.
(10) Incorporated by reference to the exhibits to the registrant's registration statement on Form S-8, file number 333-111348, filed December 19, 2003.
(11) Incorporated by reference to the exhibits to the registrant's registration statement on Form S-8, file number 333-123663, filed March 30, 2005.
(12) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K, filed September 22, 2008
(13) Incorporated by reference to the exhibits to the registrant's annual report on Form 10-K for the fiscal year ended December 31, 2008
(14) Incorporated by reference to the exhibits to the registrant's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2009, filed November 13, 2009
(15) Incorporated by reference to the exhibits to the registrant's current report on Form 8-K filed December 17, 2009

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.

SKYE INTERNATIONAL, INC.

Date: November 15, 2010	By:	/s/ Perry D. Logan Perry D. Logan Chief Executive Officer
Date: November 15, 2010	By:	/s/ Thomas H. Kauffman Thomas H. Kauffman Chief Financial Officer