

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

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

For the Quarter ended June 30, 2007

Commission File Number: 333-55166

SMI PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of organization)

88-0363465

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

122 Ocean Park Blvd.
Suite 307
Santa Monica, California 90405

(Address of principal executive offices)

(310) 396-1691

Registrant's telephone number, including area code

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the issuer 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 shell company as defined in Rule 12b-2 of the Exchange Act.
Yes No

Securities registered under Section 12(g) of the Exchange Act:

There are 755,100 shares of common stock outstanding as of June 30, 2007.

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PART I - FINANCIAL INFORMATION

ITEM 1. INTERIM FINANCIAL STATEMENTS

SMI PRODUCTS, INC.
(A Development Stage Company)
BALANCE SHEETS
June 30, 2007 and December 31, 2006

	<u>June 30, 2007</u>	<u>Dec. 31, 2006</u>
	(unaudited)	(audited)
ASSETS		
Current		
Cash	\$ --	\$ --
Total Current Assets	<u> --</u>	<u> --</u>
Total Assets	<u> --</u>	<u> --</u>
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	\$ --	\$ 9,078
Interest Payable	2,236	950
Loans payable	165,901	124,750
Total Current Liabilities	<u>168,137</u>	<u>134,778</u>
Total Liabilities	<u>168,137</u>	<u>134,778</u>
Stockholders' deficiency		
Common stock, \$0.001 par value 100,000,000 shares authorized, 755,100 shares issued and outstanding	755	755
Preferred stock, \$0.001 par value 10,000,000 shares authorized, -0- shares issued and outstanding	-	-
Additional paid-in capital	54,045	54,045
Deficit accumulated during the development stage	(222,937)	(189,578)
Total Stockholders' Deficiency	<u>(168,137)</u>	<u>(134,778)</u>
Total Liabilities and Stockholders' Deficiency	<u>\$ --</u>	<u>\$ --</u>

SEE ACCOMPANYING NOTES

SMI PRODUCTS, INC.
(A Development Stage Company)
INTERIM STATEMENTS OF OPERATIONS
for the three and six months ended June 30, 2007 and 2006
and from June 17, 1996 (Date of Inception) to June 30, 2007
(Stated in US Dollars)
(Unaudited)

	Three Months Ended		Six Months Ended		Cumulative Period
	June 30,		June 30,		from Inception June
	2007	2006	2007	2006	17, 1996 to
					June 30
Revenues	\$ -	\$ -	\$ -	\$ -	\$ 13,668
Costs and Expenses:					
General and administrative	21,161	2,901	22,949	5,963	88,097
Consulting	-	-	-	-	23,801
Professional Fees	1,225	6,124	9,125	10,300	124,139
Taxes	-	-	-	-	1,425
Total Costs and Expenses	<u>22,386</u>	<u>9,025</u>	<u>32,074</u>	<u>16,263</u>	<u>237,462</u>
Other Expenses:					
Interest Expense	662	-	1,285	-	2,236
Write-off of accounts payable	-	-	-	-	2,192
Write-off of loans payable	-	-	-	-	900
Total Other Expenses	662	-	1,285	-	5,328
Net Loss	<u>(23,048)</u>	<u>(9,025)</u>	<u>(33,359)</u>	<u>(16,263)</u>	<u>(222,937)</u>
Basic and diluted loss per share	<u>\$ (0.03)</u>	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>	<u>\$ (0.02)</u>	
Weighted Average Number Of Common Shares Outstanding	755,100	755,100	755,100	755,100	

SEE ACCOMPANYING NOTES

SMI PRODUCTS, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
for the six months ended June 30, 2007 and 2006 and
from June 17, 1996 (Date of Inception) to March 31, 2007

(Unaudited)

	Six months ended June 30,		June 17, 1996 (Date of Inception) to June 30, 2007
	2007	2006	2007
Cash flows used in operating activities			
Net loss	\$ (33,359)	(16,263)	\$ (222,937)
Adjustments to reconcile net loss to			
Net cash used in operating activities:			
Non-cash expenses	-	4,200	4,200
Changes in operating assets and liabilities:			
Increase (Decrease) in accounts payable	(9,077)	4,590	-
Increase in interest payable	1,286	-	2,236
Net cash used in operating activities	(41,150)	(7,473)	(216,501)
Cash flows provided by financing activities			
Issuance of common stock	-	-	50,600
Increase in loans payable	41,150	7,702	165,901
Net cash provided by financing activities	41,150	7,702	216,501
Net increase (decrease) in cash	-	229	-
Cash, beginning of period	-	281	-
Cash, end of period	\$ -	\$ 510	\$ -
Supplemental disclosure of cash flow information			
Cash paid for:			
Interest	\$ -	\$ -	\$ -
Income taxes	\$ -	\$ -	\$ -

SEE ACCOMPANYING NOTES

SMI PRODUCTS, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

(Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB and Item 310 of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals considered necessary for a fair presentation, have been included. Operating results for the three and six months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. For further information, refer to the financial statements and footnotes thereto included in the Form 10-KSB for the year ended December 31, 2006.

Business description

The financial statements presented are those of SMI Products, Inc. (the "Company"). The Company was incorporated in the State of Nevada on June 17, 1996. The Company completed a reincorporation merger effective February 9, 2007 with its wholly-owned subsidiary, SMI Products, Inc., a Delaware corporation and from and after such date became a Delaware corporation. From inception through August 11, 2006, the Company was a development stage company in the business of internet real estate mortgage services. From and after August 11, 2006, the Company ceased its prior business. The Company's business plan now consists of exploring potential targets for a business combination with the Company through a purchase of assets, share purchase or exchange, merger or similar type of transaction.

The Company has been exploring sources to obtain additional equity or debt financing. The Company has also indicated its intention to participate in one or more as yet unidentified business ventures, which management will select after reviewing the business opportunities for their profit or growth potential.

Development Stage

The Company is considered to be a development stage company. Activities to date have been organizational activities including exploration and investigation of potential business ventures, development of business strategies and the formulation of a plan to raise equity.

Uses of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net revenue and expenses during each reporting period. Actual results could differ from those estimates.

Stock Based Compensation

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123R, Share-Based Payment, which addresses the accounting for share-based payment transactions. SFAS No. 123R eliminates the ability to account for share-based compensation transactions using APB No. 25, and generally requires instead, that such transactions be accounted and recognized in the statement of operations, based on their fair value. SFAS No. 123R will be effective for public companies that file as small business issuers as of the first interim or annual reporting period that begins after December 15, 2005. The Company has no outstanding stock options at June 30, 2007. Therefore, the adoption of this standard does not have an impact on the Company's financial position and results of operations.

2. STOCKHOLDERS' DEFICIENCY

Common stock

The Company has 755,100 shares of its common stock issued and outstanding as of June 30, 2007. Dividends may be paid on outstanding shares as declared by the Board of Directors. Each share of common stock is entitled to one vote.

Preferred stock

No shares of preferred stock have been issued or are outstanding. Dividends, voting rights and other terms, rights and preferences of the preferred shares have not been designated, but may be designated by the Board of Directors from time to time.

3. INCOME TAXES

No provision for income taxes has been provided in these financial statements due to the net loss. At June 30, 2007, the Company has net operating loss carryforwards, which expire commencing in 2017, totaling approximately \$222,937. The potential tax benefit of these losses, if any, has not been recorded in the financial statements.

4. LOANS PAYABLE

At June 30, 2007 the Company was indebted to Fountainhead Capital Partners Limited, a shareholder holding approximately 73.5% of the Company's issued and outstanding common shares, in the amount of \$165,901, comprising (i) six convertible promissory notes aggregating a principal balance of \$92,558 due and payable on August 11, 2007; (ii) a convertible promissory note with a principal balance of \$31,637 due on September 30, 2007, (iii) a convertible promissory note with a principal balance of \$8,116 due on March 31, 2008 and (iv) a convertible promissory note with a principal balance of \$33,590 due on June 30, 2008. The principal balance of the convertible promissory notes and all accrued interest thereunder are convertible, in whole or in part, into shares of the Company's common stock at the option of the payee or other holder thereof at any time prior to maturity, upon ten days advance written notice to the Company. The number of shares of the Company's common stock issuable upon such conversion shall be determined by the Board of Directors of the Company based on what it determines the fair market value of the Company is at the time of such conversion. Upon conversion, the notes shall be cancelled and a replacement note in identical terms shall be promptly issued by the maker to the holder thereof to evidence the remaining outstanding principal amounts thereof as of the date of the conversion, if applicable. In the event of a stock split, combination, stock dividend, recapitalization of the Company or similar event, the conversion price and number of shares issuable upon conversion shall be equitable adjusted to reflect the occurrence of such event. The following is a summary of loans payable to related parties:

5. RELATED PARTY TRANSACTIONS

The Company paid fees in connection with its Services Agreement with Fountainhead Capital Partners Limited (see Item 5, Other Information, below) and payment to its sole director, Geoffrey Alison, as follows:

	Three Months Ended		Six Months Ended		Cumulative Period from Inception (June 17, 1996) to June 30, 2007
	June 30, 2007	2006	June 30, 2007	2006	
General & Administrative Expense	\$ 20,000	\$ -	\$ 20,000	\$ -	20,000

6. GOING CONCERN

The accompanying financial statements included above contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. As a result of the factors described below, there is substantial doubt that the Company will be able to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The following discussion should be read in conjunction with our unaudited financial statements and the notes thereto.

Forward-Looking Statements

This quarterly report contains forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by, and information currently available to, our management. When used in this report, the words "believe," "anticipate," "expect," "estimate," "intend," "plan" and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. These statements reflect management's current view of us concerning future events and are subject to certain risks, uncertainties and assumptions, including among many others: a general economic downturn; a downturn in the securities markets; federal or state laws or regulations having an adverse effect on proposed transactions that we desire to effect; Securities and Exchange Commission regulations which affect trading in the securities of "penny stocks,"; and other risks and uncertainties. Should any of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this report as anticipated, estimated or expected. The accompanying information contained in this registration statement, including, without limitation, the information set forth under the heading "Management's Discussion and Analysis or Plan of Operation -- Risk Factors" identifies important additional factors that could materially adversely affect actual results and performance. You are urged to carefully consider these factors. All forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statement.

Overview

We are a blank check company whose plan of operation over the next twelve months is to seek and, if possible, acquire an operating business or valuable assets by entering into a business combination. We will not be restricted in our search for business combination candidates to any particular geographical area, industry or industry segment, and may enter into a combination with a private business engaged in any line of business, including service, finance, mining, manufacturing, real estate, oil and gas, distribution, transportation, medical, communications, high technology, biotechnology or any other. Management's discretion is, as a practical matter, unlimited in the selection of a combination candidate. Management will seek combination candidates in the United States and other countries, as available time and resources permit, through existing associations and by word of mouth. This plan of operation has been adopted in order to attempt to create value for our shareholders. For further information on our plan of operation and business, see PART I, Item 1 of our Annual Report on Form 10-KSB for the fiscal year ending 2006.

Plan of Operation

We do not intend to do any product research or development. We do not expect to buy or sell any real estate, plant or equipment except as such a purchase might occur by way of a business combination that is structured as an asset purchase, and no such asset purchase currently is anticipated. Similarly, we do not expect to add additional employees or any full-time employees except as a result of completing a business combination, and any such employees likely will be persons already then employed by the company acquired.

Our principal business activity prior to August 11, 2006 was the business of internet real estate mortgage services. From and after August 11, 2006, the Company ceased its prior business. The Company's business plan now consists of exploring potential targets for a business combination with the Company through a purchase of assets, share purchase or exchange, merger or similar type of transaction. We have had only nominal operations or revenues since our inception. We anticipate no operations unless and until we complete a business combination as described above.

Results of Operations for Fiscal Quarter Ended June 30, 2007 Compared To June 30, 2006

During the second fiscal quarter of 2007, we had no revenues and incurred a net loss of \$(23,084), as compared to a net loss of \$(9,025) in the second fiscal quarter of 2006. General and administrative expenses in the second quarter of 2007 related to accounting and legal fees, miscellaneous filing fees and expenses, transfer agent fees and other miscellaneous expenses, none of which were related party expenses. In addition, we incurred an expense in the amount of \$10,000 payable to our sole director, Geoffrey Alison, for his services provided to the Company as director and an expense in the amount of \$10,000 payable to Fountainhead Capital Partners Limited in connection with the Company's Services Agreement with Fountainhead Capital Partners Limited. The payments to Geoffrey Alison and Fountainhead Capital Partners Limited are related party expenses. General and administrative expenses in the second quarter of 2006 related to accounting and legal fees, miscellaneous filing fees and expenses, transfer agent fees and other miscellaneous expenses, none of which were related party expenses. We paid no rent or salaries and had no operations during the quarter. The significant increase in expenses for the three months ended June 30, 2007 was primarily attributable to the fees paid to Geoffrey Alison and Fountainhead Capital Partners Limited.

Results of Operations for the Six Months Ended June 30, 2007 Compared To June 30, 2006

During the six months ended June 30, 2007, we had no revenues and incurred a net loss of \$(33,359), as compared to a net loss of \$(16,263) in the six months ended June 30, 2006. General and administrative expenses in the six months ended June 30, 2007 related to accounting and legal fees, miscellaneous filing fees and expenses, transfer agent fees and other miscellaneous expenses, none of which were related party expenses. General and administrative expenses in the nine months ended September 30, 2005 related to accounting and legal fees, miscellaneous filing fees and expenses, transfer agent fees and other miscellaneous expenses, none of which were related party expenses. In addition, we incurred an expense in the amount of \$10,000 payable to our sole director, Geoffrey Alison, for his services provided to the Company as director and an expense in the amount of \$10,000 payable to Fountainhead Capital Partners Limited in connection with the Company's Services Agreement with Fountainhead Capital Partners Limited. The payments to Geoffrey Alison and Fountainhead Capital Partners Limited are related party expenses. We paid no rent or salaries and had no operations during the six-month period. The significant increase in expenses for the six months ended June 30, 2007 was primarily attributable to the fees paid to Geoffrey Alison and Fountainhead Capital Partners Limited.

Liquidity and Capital Resources

We had \$- cash on hand at the end of the second quarter of 2007 and had no other assets to meet ongoing expenses or debts that may accumulate. Since inception, we have accumulated a deficit of \$222,937. As of June 30, 2007 we had -0- accrued expenses.

We have no commitment for any capital expenditure and foresee none. However, we will incur routine fees and expenses incident to our reporting duties as a public company, and we will incur expenses in finding and investigating possible acquisitions and other fees and expenses in the event we make an acquisition or attempt but are unable to complete an acquisition. Our cash requirements for the next twelve months are relatively modest, principally accounting expenses and other expenses relating to making filings required under the Securities Exchange Act of 1934 (the "Exchange Act"), which should not exceed \$25,000 in the fiscal year ending December 31, 2007. Any travel, lodging or other expenses which may arise related to finding, investigating and attempting to complete a combination with one or more potential acquisitions could also amount to thousands of dollars.

The existence and amounts our debt may make it more difficult to complete, or prevent completion of, a desirable acquisition.

We will only be able to pay our future debts and meet operating expenses by raising additional funds, acquiring a profitable company or otherwise generating positive cash flow. As a practical matter, we are unlikely to generate positive cash flow by any means other than acquiring a company with such cash flow. We believe that management members or shareholders will loan funds to us as needed for operations prior to completion of an acquisition. Management and the shareholders are not obligated to provide funds to us, however, and it is not certain they will always want or be financially able to do so. Our shareholders and management members who advance money to us to cover operating expenses will expect to be reimbursed, either by us or by the company acquired, prior to or at the time of completing a combination. We have no intention of borrowing money to reimburse or pay salaries to any of our officers, directors or shareholders or their affiliates. There currently are no plans to sell additional securities to raise capital, although sales of securities may be necessary to obtain needed funds. Our current management has agreed to continue their services to us and to accrue sums owed them for services and expenses and expect payment reimbursement only.

Should existing management or shareholders refuse to advance needed funds, however, we would be forced to turn to outside parties to either loan money to us or buy our securities. There is no assurance whatever that we will be able at need to raise necessary funds from outside sources. Such a lack of funds could result in severe consequences to us, including among others:

- failure to make timely filings with the SEC as required by the Exchange Act, which also probably would result in suspension of trading or quotation in our stock and could result in fines and penalties to us under the Exchange Act;
- curtailing or eliminating our ability to locate and perform suitable investigations of potential acquisitions; or
- inability to complete a desirable acquisition due to lack of funds to pay legal and accounting fees and acquisition-related expenses.

We hope to require potential candidate companies to deposit funds with us that we can use to defray professional fees and travel, lodging and other due diligence expenses incurred by our management related to finding and investigating a candidate company and negotiating and consummating a business combination. There is no assurance that any potential candidate will agree to make such a deposit.

Going Concern

Our independent auditors have added an explanatory paragraph to their audit issued in connection with the financial statements for the period ended December 31, 2006, relative to our ability to continue as a going concern. We had negative working capital of \$168,137 as of June 30, 2007, we had an accumulated deficit of \$222,937 incurred through June 30, 2007 and recorded losses of \$61,354 and \$23,048 for the fiscal year ended December 31, 2006 and three months ended June 30, 2007, respectively. The going concern opinion issued by our auditors means that there is substantial doubt that we can continue as an ongoing business for 12 month period ending December 31, 2007 and thereafter. The financial statements do not include any adjustments that might result from the uncertainty about our ability to continue our business.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Risk Factors That May Affect Future Operating Results

You should carefully consider the risks described below before making an investment decision. The risks and uncertainties described below are not the only ones facing our Company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition, or results of operations could be materially adversely affected. In such case, the trading price of our common stock could decline and you could lose all or part of your investment. You should also refer to the other information about us contained in this Form 10-QSB, including our financial statements and related notes.

We have had no operating history nor any revenues or earnings from operations.

We have had no operating history nor any revenues or earnings from operations. We have no significant assets or financial resources. We have operated at a loss to date and will, in all likelihood, continue to sustain operating expenses without corresponding revenues, at least until the consummation of a business combination.

Our management does not devote its full time to our business and operations.

Our management only devotes minimal time to our business. Management does not have any written employment agreement with us, and is not expected to enter into one. Our management serves only on a part-time basis and has had limited experience in the business activities contemplated by us, yet our Company will be solely dependent on him. We lack the funds or other incentive to hire full-time experienced management. Management has other employment or business interests to which he devotes his primary attention and will continue to do so, devoting time to the Company only on an as-needed basis.

We may have conflicts of interest with our management team.

Our officers and directors may in the future be affiliated with other blank check companies having a similar business plan to that of our Company ("Affiliated Companies") which may compete directly or indirectly with us. Certain specific conflicts of interest may include those discussed below.

- The interests of any Affiliated Companies from time to time may be inconsistent in some respects with the interests of the Company. The nature of these conflicts of interest may vary. There may be circumstances in which an Affiliated Company may take advantage of an opportunity that might be suitable for the Company. Although there can be no assurance that conflicts of interest will not arise or that resolutions of any such conflicts will be made in a manner most favorable to the Company and its shareholders, the officers and directors of the Company have a fiduciary responsibility to the Company and its shareholders and, therefore, must adhere to a standard of good faith and integrity in their dealings with and for The Company and its shareholders.
 - The officers and directors of The Company may serve as officers and directors of other Affiliated Companies in the future. The Company's officers and directors are required to devote only so much of their time to The Company's affairs as they deem appropriate, in their sole discretion. As a result, The Company's officers and directors may have conflicts of interest in allocating their management time, services, and functions among The Company and any current and future Affiliated Companies which they may serve, as well as any other business ventures in which they are now or may later become involved.
 - The Affiliated Companies may compete directly or indirectly with The Company for the acquisition of available, desirable combination candidates. There may be factors unique to The Company or an Affiliated Company which respectively makes it more or less desirable to a potential combination candidate, such as age of the company, name, capitalization, state of incorporation, contents of the articles of incorporation, etc. However, any such direct conflicts are not expected to be resolved through arm's-length negotiation, but rather in the discretion of management. While any such resolution will be made with due regard to the fiduciary duty owed to the Company and its shareholders, there can be no assurance that all potential conflicts can be resolved in a manner most favorable to the Company as if no conflicts existed. Members of the Company's management who also are or will be members of management of another Affiliated Company will also owe the same fiduciary duty to the shareholders of each other Affiliated Company. Should a potential acquisition be equally available to and desirable for both the Company and the Affiliated Companies, no guideline exists for determining which company would make the acquisition. This poses a risk to the Company's shareholders that a desirable acquisition available to the Company may be made by an Affiliated Company, whose shareholders would instead reap the rewards of the acquisition. An Affiliated Company's shareholders of course face exactly the same risk. Any persons who are officers and directors of both The Company and an Affiliated Company do not have the sole power (nor the power through stock ownership) to determine which company would acquire a particular acquisition. No time limit exists in which an acquisition may or must be made by the Company, and there is no assurance when-or if-an acquisition ever will be completed.
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Certain conflicts of interest exist and will continue to exist between the Company and its officers and directors due to the fact that each has other employment or business interests to which he devotes his primary attention. Each officer and director is expected to continue to do so in order to make a living, notwithstanding the fact that management time should be devoted to the Company's affairs. The Company has not established policies or procedures for the resolution of current or potential conflicts of interest between the Company and its management. As a practical matter, such potential conflicts could be alleviated only if the Affiliated Companies either are not seeking a combination candidate at the same time as the Company, have already identified a combination candidate, are seeking a combination candidate in a specifically identified business area, or are seeking a combination candidate that would not otherwise meet the Company's selection criteria. It is likely, however, that the combination criteria of the Company and any Affiliated Companies will be substantially identical. Ultimately, the Company's shareholders ultimately must rely on the fiduciary responsibility owed to them by the Company's officers and directors. There can be no assurance that members of management will resolve all conflicts of interest in the Company's favor. The officers and directors are accountable to the Company and its shareholders as fiduciaries, which means that they are legally obligated to exercise good faith and integrity in handling the Company's affairs and in their dealings with the Company. Failure by them to conduct the Company's business in its best interests may result in liability to them. The area of fiduciary responsibility is a rapidly developing area of law, and persons who have questions concerning the duties of the officers and directors to the Company should consult their counsel.

Our Certificate of Incorporation excludes personal liability on the part of its directors to the Company for monetary damages based upon any violation of their fiduciary duties as directors, except as to liability for any acts or omissions which involve intentional misconduct, fraud or a knowing violation of law or for improper payment of dividends. This exclusion of liability does not limit any right which a director may have to be indemnified and does not affect any director's liability under federal or applicable state securities laws. Therefore, our assets could be used or attached to satisfy any liabilities subject to this indemnification.

Our proposed operations are purely speculative.

The success of our proposed plan of operation will depend to a great extent on the operations, financial condition and management of the identified target company. While business combinations with entities having established operating histories are preferred, there can be no assurance that we will be successful in locating candidates meeting these criteria. If we complete a business combination, the success of our operations will be dependent upon management of the target company and numerous other factors beyond our control. No combination candidate has been identified for acquisition by management, nor has any determination been made as to any business for the Company to enter, and shareholders will have no meaningful voice in any such determinations. There is no assurance that the Company will be successful in completing a combination or originating a business, nor that the Company will be successful or that its shares will have any value even if a combination is completed or a business originated.

We are subject to the penny stock rules.

Our securities may be classified as penny stock. The Securities and Exchange Commission has adopted Rule 15g-9 which establishes the definition of a "penny stock," for purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share whose securities are admitted to quotation but do not trade on the Nasdaq SmallCap Market or on a national securities exchange. For any transaction involving a penny stock, unless exempt, the rules require delivery of a document to investors stating the risks, special suitability inquiry, regular reporting and other requirements. Prices for penny stocks are often not available and investors are often unable to sell this stock. Thus, an investor may lose his investment in a penny stock and consequently should be cautious of any purchase of penny stocks.

We may have significant difficulty in locating a viable business combination candidate.

We are and will continue to be an insignificant participant in the business of seeking mergers with and acquisitions of business entities. A large number of established and well-financed entities, including venture capital firms, are active in mergers and acquisitions of companies which may be merger or acquisition target candidates for us. Nearly all of these competitors have significantly greater financial resources, technical expertise and managerial capabilities than we do and, consequently, we will be at a competitive disadvantage in identifying possible business opportunities and successfully completing a business combination. Moreover, we will also compete with numerous other small public companies in seeking merger or acquisition candidates.

It is possible that the per share value of your stock will decrease upon the consummation of a business combination.

A business combination normally will involve the issuance of a significant number of additional shares. Depending upon the value of the assets acquired in a business combination, the current shareholders of the Company may experience severe dilution of their ownership due to the issuance of shares in the combination. Any combination effected by the Company almost certainly will require its existing management and board members to resign, thus shareholders have no way of knowing what persons ultimately will direct the Company and may not have an effective voice in their selection.

Any business combination that we engage in may have tax effects on us.

Federal and state tax consequences will, in all likelihood, be major considerations in any business combination that we may undertake. Currently, a business combination may be structured so as to result in tax-free treatment to both companies pursuant to various federal and state tax provisions. We intend to structure any business combination so as to minimize the federal and state tax consequences to both us and the target company; however, there can be no assurance that a business combination will meet the statutory requirements of a tax-free reorganization or that the parties will obtain the intended tax-free treatment upon a transfer of stock or assets. A non-qualifying reorganization could result in the imposition of both federal and state taxes which may have an adverse effect on both parties to the transaction.

ITEM 3. CONTROLS AND PROCEDURES

Within 90 days of the filing of this Form 10-QSB, an evaluation was carried out by Geoffrey Alison, our President, CEO and Treasurer, of the effectiveness of our disclosure controls and procedures, as of the end of the period covered by this report on Form 10-QSB. Disclosure controls and procedures are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, such as this Form 10-QSB, is recorded, processed, summarized and reported, within the time period specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and is communicated to our management, including our principal executive and principal financial officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based on that evaluation, Mr. Alison concluded that as of June 30, 2007, and as of the date that the evaluation of the effectiveness of our disclosure controls and procedures was completed, our disclosure controls and procedures were effective to satisfy the objectives for which they are intended.

There were no changes in our internal control over financial reporting identified in connection with the evaluation performed that occurred during the fiscal year covered by this report that has materially affected or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no legal proceedings which are pending or have been threatened against us or any of our officers, directors or control persons of which management is aware.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

Except as may have previously been disclosed on a current report on Form 8-K or a quarterly report on Form 10-QSB, we have not sold any of our securities in a private placement transaction or otherwise during the past three years.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

No matters were submitted to a vote or for the written consent of security shareholders, through the solicitation of proxies or otherwise, during the second fiscal quarter of 2007, and no meeting of shareholders was held.

ITEM 5. OTHER INFORMATION

On April 1, 2007, the Company entered into a Services Agreement with Fountainhead Capital Partners Limited ("FHCP"), an entity which owns 73.5% of the Company's common stock. The term of the Services Agreement is one year and the Company is obligated to pay FHCP a quarterly fee in the amount of \$10,000, in cash or in kind, on the first day of each calendar quarter commencing April 1, 2007. Pursuant to the terms of the Services Agreement, FHCP shall provide the following services to the Company:

- (a) FHCP will familiarize itself to the extent it deems appropriate with the business, operations, financial condition and prospects of the Company;
 - (b) At the request of the Company's management, FHCP will provide strategic advisory services relative to the achievement of the Company's business plan;
 - (c) FHCP will undertake to identify potential merger and acquisition targets for the Company and assist in the analysis of proposed transactions;
 - (d) FHCP will assist the Company in identifying potential investment bankers, placement agents and broker-dealers who are qualified to act on behalf of the Company to achieve its strategic goals.
 - (e) FHCP will assist in the identification of potential investors which might have an interest in evaluating participation in financing transactions with the Company;
 - (f) FHCP will assist the Company in the negotiation of merger, acquisition and corporate finance transactions;
 - (g) At the request of the Company's management, FHCP will provide advisory services related to corporate governance and matters related to the maintenance of the Company's status as a publicly-reporting company; and
 - (h) At the request of the Company's management, FHCP will assist the Company in satisfying various corporate compliance matters.
-

A copy of the Services Agreement is attached as Exhibit 10.1

ITEM 6. EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
10.1	Services Agreement with Fountainhead Capital Partners Limited
31	Certification of Principal Executive Officer and Principal Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Principal Executive Officer and Principal Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SMI PRODUCTS, INC.

Date: July 19, 2007

By: */s/ Geoffrey Alison*

Geoffrey Alison
Director, CEO, President and Treasurer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
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SERVICES AGREEMENT

This Services Agreement (this "**Agreement**") is made as of April 1, 2007 by and between SMI Products, Inc., a Delaware corporation (the "**Company**") and Fountainhead Capital Partners Limited, an entity registered in Jersey ("**FHCP**") (each a "**Party**" and collectively referred to hereafter as the "**Parties**").

WITNESSETH:

WHEREAS, the Company is a shell corporation with limited resources to pursue its business plan and maintain its status as a publicly-reporting company.

WHEREAS, FHCP has substantial experience in corporate governance and management and has substantial expertise and contacts which are of value to the Company in the identification of prospective business opportunities for the Company and sources of financing;

WHEREAS, the business plan of the Company is the identification of a suitable target for a potential merger or acquisition transaction commonly known as a "reverse merger" or "alternative public offering" transaction;

WHEREAS, to facilitate pursuing the Company's operation and pursuit of the goals stated in its business plan, the Company desires to engage FHCP to provide the services specified in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree in good faith as follows:

1. Services. The services which FHCP shall provide under this Agreement, shall include the following:

(a) FHCP will familiarize itself to the extent it deems appropriate with the business, operations, financial condition and prospects of the Company;

(b) At the request of the Company's management, FHCP will provide strategic advisory services relative to the achievement of the Company's business plan;

(c) FHCP will undertake to identify potential merger and acquisition targets for the Company and assist in the analysis of proposed transactions;

(d) FHCP will assist the Company in identifying potential investment bankers, placement agents and broker-dealers who are qualified to act on behalf of the Company to achieve its strategic goals.

(e) FHCP will assist in the identification of potential investors which might have an interest in evaluating participation in financing transactions with the Company;

(f) FHCP will assist the Company in the negotiation of merger, acquisition and corporate finance transactions;

(g) At the request of the Company's management, FHCP will provide advisory services related to corporate governance and matters related to the maintenance of the Company's status as a publicly-reporting company; and

(h) At the request of the Company's management, FHCP will assist the Company in satisfying various corporate compliance matters.

FHCP is not a licensed broker-dealer. Under no circumstances will FHCP engage in any activities which would require licensure as a broker-dealer or otherwise.

2. Term and Termination. The term of this engagement shall be for a period of twelve (12) months commencing with the date of this Agreement and may be extended upon the mutual written agreement of the Parties.

3. Consideration. In consideration for FHCP providing the services set forth in Section 1 above, the Company will pay to FHCP a quarterly fee of \$10,000.00, payable in cash or, at the option of FHCP, in kind, on the first day of each calendar quarter commencing April 1, 2007.

4. Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly delivered four business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent for next business day delivery via a reputable overnight courier service, in each case to the intended recipient as set forth below:

If to the Company:

SMI Products, Inc.
122 Ocean Park Boulevard
Suite 307
Santa Monica, California 90405

Attention: Geoffrey Alison
If to the FHCP:

Fountainhead Capital Partners Limited
Portman House
Hue Street, St. Helier
Jersey JE4 5RP

Attention: Richard Breeze

Copy to:

Law Offices of Robert Diener
122 Ocean Park Boulevard
Suite 307
Santa Monica, California 90405

Attention: Robert Diener

Any Party may give any notice, request, demand, claim or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, teletype, telex, ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the party for whom it is intended. Any party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

5. Miscellaneous.

(a) Entire Agreement. This Agreement constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements or representations by or among the Parties, written or oral, with respect to the subject matter hereof.

(b) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party.

(c) Counterparts and Facsimile Signature. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

(d) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(e) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of New York. The Parties hereby consent to the exclusive jurisdiction of the courts of the State of New York located in Brooklyn County and the United States District Court for the Southern District of New York for all disputes arising under this Agreement.

(f) Amendments and Waivers. The Parties may mutually amend any provision of this Agreement at any time during the term of this Agreement prior to the termination of this Agreement. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Parties. No waiver of any right or remedy hereunder shall be valid unless the same shall be in writing and signed by the party giving such waiver. No waiver by any party with respect to any default, misrepresentation or breach of warranty or covenant hereunder shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(g) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

(h) Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any party. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

(i) Remedies. FHCP shall be entitled to enforce its rights under this Agreement specifically to recover damages by reason of any breach of any provision or term of this Agreement and to exercise all other rights existing in its favor. In the event of any dispute under this Agreement, the prevailing party shall be entitled to recover its costs incurred in connection with the resolution thereof, including reasonable attorneys fees.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as an instrument under seal as of the date first written above.

SMI Products, Inc.

By: /s/ Geoffrey Alison
Name: Geoffrey Alison
Title: President

Fountainhead Capital Partners Limited

By: /s/ Gisele Le Miere

Name: Gisele Le Miere

Title: Director

By: /s/ Carole Dodge

Name: Carole Dodge

Title: Director

CERTIFICATION

I, Geoffrey Alison, certify that:

I have reviewed this quarterly report on Form 10-QSB of SMI PRODUCTS, INC.;

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;

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 small business issuer as of, and for, the periods presented in this report;

The small business issuer'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)) for the small business issuer 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 small business issuer is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the small business issuer'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

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

The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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.

Date: July 19, 2007

/s/ Geoffrey Alison

Geoffrey Alison
Chief Executive Officer and Chief Financial Officer

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

The undersigned, Geoffrey Alison, the Chief Executive Officer, Chairman of the Board of Directors and Treasurer of SMI PRODUCTS, INC. (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2007 (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, each of the undersigned has executed this statement this 19th day of July, 2007.

/s/ Geoffrey Alison

Geoffrey Alison
Chief Executive Officer and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to SMI PRODUCTS, INC. and will be retained by SMI PRODUCTS, INC. and furnished to the Securities and Exchange Commission or its staff upon request.
