SKINVISIBLE INC
Form 10-K
April 17, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2016**

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT

For the transition period from _________ to ________

Commission file number**: 000-25911**

Skinvisible, Inc.
(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	**88-0344219** (I.R.S. Employer Identification No.)
6320 South Sandhill Road, Suite 10, Las Vegas, NV (Address of principal executive offices)	**89120** (Zip Code)

Registrant’s telephone number:

702.433.7154

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

Title of each class	Name of each exchange on which registered
None	**not applicable**

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

Title of each class
Common Stock, par value $0.001

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Yes [ ] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

[ ] Large accelerated filer [ ] Accelerated filer
[ ] Non-accelerated filer [X] Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. $744,452

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 123,935,319 common shares as of March 31, 2017

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PART I

Item 1. Business

Company Overview

We, through our wholly owned subsidiary Skinvisible Pharmaceuticals Inc., are a pharmaceutical research and development ("R&D") company that has developed and patented an innovative polymer delivery system, Invisicare® and formulated over forty topical skin products, which we out-license globally. We were incorporated in 1998, and target an estimated $80 billion global skincare and dermatology market and a $30 billion global over-the-counter market as well as other healthcare / medical and consumer goods markets.

With the research and development complete on forty products and numerous patents issued (technology and product patents), we are ready to monetize our investment. Our business model will continue to be to out-license our patented prescription and over-the-counter ("OTC") products featuring Invisicare to established manufacturers and marketers of brands internationally and to maximize profits from the products we have already out-licensed. We have also formed a commercial subsidiary, Kintari Int. Inc. with subsidiaries Kintari USA Inc. and Kintari Canada Inc., in order to take our cosmeceutical and select OTC products with Invisicare to market.

The opportunity for us to license our products continues to be a viable model as the need for pharmaceutical companies to access external R&D companies for new products due to their own down-sizing or elimination of internal R&D departments. The demand for our products is enhanced due to the granting of key US and international patents and the completed development of a number of unique products.

Our Flagship Product

Pivotal to our success is our patented polymer delivery system technology Invisicare. Invisicare is a patented polymer delivery system that enhances the delivery of active ingredients for topically applied skin care products. Its patented technology has a unique formula and process for combining active ingredients with a delivery system that extends the duration of time the product remains on the skin and active.

Invisicare is specifically formulated to carry water insoluble active and certain cationic active ingredients in water-based products without the use of alcohol, silicones, waxes, or other organic solvents. Products utilizing Invisicare have the proven ability to bond active ingredients to the skin for up to four hours and longer. They are non-occlusive and allow normal skin respiration and perspiration while moisturizing and protecting against exposure from a wide variety of environmental irritants.

When topically applied, these formulated products adhere to the skin's outer layers, forming a protective bond, resisting wash-off, and delivering targeted levels of therapeutic or cosmetic skincare agents to the skin. They allow enhanced delivery performance for a variety of skincare agents resulting in improved efficacy, longer duration of action, reduced irritation and lower dosage of active agent required. The "invisible" polymer compositions wear off as part of the natural exfoliation process of the skin's outer layer cells.

The advantage of products formulated with Invisicare is (1) Invisicare's ability to bind active ingredients (the drug) to the skin, forming a protective bond on the skin, for extended periods of time - some up to eight hours or more; (2) Invisicare can deliver targeted levels (high or low) of therapeutic or cosmetic ingredients to the skin in a controlled

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release; (3) Invisicare can help to reduce the irritation of some active ingredients due to how it controls the slower release of that active ingredient; and (4) Invisicare science proves that it provides a protective skin barrier which helps retain the natural moisture content of the skin, while still allowing it to breathe. These benefits present an excellent opportunity for clear scientific advantages and marketing messages which resonate with physicians and consumers.

The Market

The dermatology market is large, with over 80% of Americans affected by some kind of skin condition in their lifetime. The worldwide market for dermatology products including prescription, OTC and cosmeceuticals is estimated at $80 billion.

Company History

We formed Skinvisible Pharmaceuticals, Inc. (“Skinvisible”), in March 1998 and purchased the exclusive worldwide manufacturing and marketing rights for a polymer delivery system invention now called Invisicare® from the inventor for $2 million. We have continued to develop the Invisicare technology and subsequent product development resulting in over seven series of Invisicare and over forty unique, patented formulations offering distinctive benefits that differentiate them significantly from other leading products in the marketplace.

What We Do

We have positioned ourselves in the $80 billion worldwide prescription and over-the-counter dermatology and skincare market. We generate revenue by:

- **DIRECT SALES**: We develop topical over-the-counter products enhanced with Invisicare to sell directly into the market through our wholly-owned subsidiary, Kintari Int. Inc. These products are also sold online at www.Kintari.com as well as private labeled for companies outside of the USA and Canada;
- **LICENSING**: We develop topical prescription and over-the-counter products enhanced with Invisicare to license to pharmaceutical and consumer goods companies around the world for an upfront fee and ongoing royalties;
- **CO-DEVELOPMENT**: We assist pharmaceutical clients in the early development of the most optimal formulation, which they then take forward into clinical testing;
- **LIFE CYCLE MANAGEMENT**: We provide cost-effective solutions to global pharmaceutical companies by reformulating their products coming off patent with a new Invisicare patent and new product benefits and

line extensions. Pharmaceutical companies are under a lot of pressure to develop innovative strategies to counteract the revenue loss from their drugs coming off patent.

Corporate Ownership

We are a publicly traded company under the symbol SKVI, quoted on the OTC markets since February 1999 and currently trading on the OTCQB in the United States.

We carry on business primarily through our wholly owned subsidiaries: Skinvisible Pharmaceuticals, Inc. a Nevada corporation, and Kintari Int. Inc., a Canadian corporation.

Patents

We have fourteen patents granted, including comprehensive patents on Invisicare, the foundation of all of our products; three in the United States, and internationally in Canada, Europe (4), China, India, Australia, Hong Kong, Japan and Korea. The Invisicare patents cover manufacturing, composition and use. Additionally, we have been granted three product specific patents in the United States for dermal barrier products, sunscreens (photostability of avobenzone) and retinoids (stabilization). There are a number of United States and international (PCT) patents pending, with many more patent applications in progress. Some of these patents cover up to five products.

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Our value lies in our ability to continually generate new IP on dermatology and medical products formulated with Invisicare. Patent approvals are sought (initially in the United States. and later internationally) for all products developed. All patents with Invisicare are owned by us.

Trademarks

When developing new products using Invisicare, we file for both patent and trademark protection. We have been granted trademarks in the U.S. and Canada for the following names:

- Skinvisible® w Invisicare® w JUSTCARE® w Work Gluv® w Bare Sunless Tanning® w Kintari® w Skinbrella®

Revenue generation: We receive a combination of five revenue streams including:

- Sales of our cosmeceutical product line through our wholly-owned subsidiary, Kintari Int. Inc.
- Research and development fees;
- Upfront license fee;
- Ongoing royalties based on product sales;
- Licensees purchase Invisicare polymers from us. The polymers make up 6-8% of each final product formulation for OTC and cosmetic formulas and less for prescription formulas.

Strategic Growth Opportunities

Our growth strategy is to:

1. Generate revenue from direct sales of our cosmeceutical/OTC product line;

2. Generate revenue from online sales and private label / bulk orders of our Kintari branded products;

3. Capitalize on the success of current licensees;

4. Increase the value of our current pipeline; and

5. Boost licensing revenues by securing additional licensees globally and develop a robust royalty revenue stream that will finance our future growth.

Our Cosmeceutical/OTC Product Line

Kintari Int. Inc.

Kintari Int. Inc. was incorporated in the Province of Alberta, Canada. The company was formed to develop, market and sell Skinvisible Pharmaceuticals, Inc.'s patented skincare products initially in the United States. Kintari Int. Inc. is our wholly-owned subsidiary.

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Previously on April 1, 2016, Skinvisible licensed to Kintari Int. Inc. the exclusive rights to our existing line of cosmeceutical products plus the exclusive rights to any future cosmeceutical products developed by Skinvisible plus the right-of-first-refusal on our existing OTC products plus the right-of-first-refusal to any future OTC products developed by us in exchange for a 100% equity position in Kintari Int. Inc. This inter-company agreement has now been dissolved and all rights still remain with Skinvisible Pharmaceuticals, Inc., as the original intent was for Kintari to operate as its own company; however, this did not transpire. There is no change to the ownership as Skinvisible continues to own 100% of Kintari Int. Inc. and all rights thereof. Kintari USA Inc. and Kintari Canada Inc. both continue to sell Kintari branded products through direct sales and online.

DermSafe®, our hand sanitizer formulated with Invisicare® and chlorhexidine gluconate has been launched in Canada by our subsidiary Kintari Canada Inc. where it has Health Canada approval. We launched DermSafe in August, 2016 in Canada through our Kintari Canadian website for retail customers only. DermSafe is an alcohol free hand sanitizer that products against 99% of all germs. We are currently seeking licensees and/or distributors to begin the sale of DermSafe in South America and in the EU.

Kintari Products in China:

On September 8, 2016, Kintari Int. Inc. signed an exclusive distribution agreement with EDFA Morgan Capital Co. Ltd. (“EMC”), located in Shenzhen, China, for Kintari® branded products for the territory of Greater China, which includes China, Hong Kong, Macau, Taiwan, Singapore, Malaysia and Thailand. That agreement has been cancelled by mutual agreement in order to maximize exportation opportunities of products to Greater China. A new agreement has been signed between Skinvisible Pharmaceuticals, Inc. and an EMC associated company known as InterSpace Global Inc. InterSpace Global Inc. is an exporter of “Made in USA” products and has offices in Salt Lake City, Utah and Shenzhen, China. This new agreement provides for a more efficient export of Skinvisible’s products from the USA and Canada into Greater China (Includes China, Hong Kong, Macau, Taiwan, Singapore, Malaysia and Thailand). It also now includes an expansion of the original agreement to include Korea.

According to the agreement, InterSpace Global Inc. will sell Kintari products to Chinese consumers through a network of online shopping malls and other channels.

In addition to DermSafe, Skinvisible will supply its Kintari –branded portfolio of globally patented skincare products made with its Invisicare® delivery technology.

The Kintari product portfolio consists of two anti-aging products to help fight the signs of aging, a broad spectrum sunscreen along with our latest Hand & Body Lotion products. All products are made with our patented Invisicare technology.

Our anti-aging products have been developed using proven anti-aging ingredients with scientific evidence of their effectiveness at reducing the look of fine lines and wrinkles resulting in youthful looking skin. These potent ingredients will be powered by patented Invisicare technology, providing consumers with unique, effective products, which we believe cannot be duplicated.

Our sunscreen is a broad spectrum SPF 30 known as Skinbrella®. We completed independent testing in early 2014 to validate our broad spectrum sunscreen claims according to the labeling guidelines of the FDA, which are designed to help reduce the incidents of skin cancer in the U.S. Our claims are as follows:

- Claim # 1 – Broad-Spectrum: According to the FDA, in order for a sunscreen to be labeled “broad spectrum” it must prove it protects against both UVA and UVB rays by having an SPF (Sun Protection Factor) of at least 15 and a critical wave length of at least 370 nm. Our sunscreen has surpassed both of these criteria, allowing our broad spectrum sunscreen label to also state “prevents sunburn, skin cancer and aging due to the sun.”

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- Claim # 2 – Water-Resistant 80 Minutes: The FDA sunscreen water resistant claim requires that a sunscreen must have the same SPF after being in water or sweating for 40 or 80 minutes. Our testing was conducted at an independent laboratory specializing in sunscreen testing. The test involved human subjects that applied sunscreen to their arm, followed by the immersion of the arm into a Jacuzzi for 80 minutes (10 minutes in / 10 minutes out). Our sunscreen successfully completed this testing and is allowed to use "Water-resistant for 80 Minutes" on its sunscreen label, the longest length of time allowed by the FDA.

- Claim # 3 – Unique Patented Technology / Eight-Hour Photostability: As previously announced, we were granted a patent from the United States Patent and Trademark Office entitled "Sunscreen Composition with Enhanced UVA Absorber Stability and Methods", which provides protection until November 2029. Skinvisible successfully formulated a unique Invisicare® delivery system specifically for stabilizing avobenzone; the key sunscreen used in the USA. Data submitted to the US patent office proved that our sunscreen provides a minimum of eight hours of photostability.

Our Hand & Body Lotion is formulated with five moisturizers including aloe, shea butter, glycerin, coconut oil and jojoba oil, and to help smooth your skin the powerful antioxidant Vitamin E. These ingredients restore and nourish your skin from head to toe.

Topical and Transdermal Cannabis:

On September 15, 2016, we licensed the exclusive world rights to our topical and transdermal cannabis products formulated with Invisicare to CannaSkin, LLC, a cannabis product licensing company with international contacts in the medical marijuana industry.

CannaSkin has the exclusive license to manufacture, market and sub-license our new cannabis products. Their targets will initially include facilities in the 29 United States jurisdictions currently approved for medical marijuana. Skinvisible has successfully formulated high-quality topical and transdermal cannabinoid products containing CBD and in the near future will add THC. CBD has proven to have many therapeutic effects and it does not produce the "high" associated with THC. Cannabinoids have been used for pain management and to treat many skin conditions, from acne, eczema, psoriasis, skin cancer, to anti-aging, due to their anti-oxidant and anti-inflammatory properties. Our Invisicare technology allows for the superior binding of these products to the skin, a controlled release of the cannabinoids both topically and transdermally, as well as providing patent protection. Cannabis is being touted as a groundbreaking health solution and Skinvisible plans to bring science-based, patent protected products into this emerging market.

Capitalize On Current Licensees:

We have: Avon Products globally and Women's Choice Pharmaceuticals in the United States.

We continue to work diligently with our licensees to ensure they have a smooth manufacturing process, ongoing R&D support and marketing feedback.

Avon Products, Inc.

Product: We have a long-term contract with Avon globally for over ten years to provide Invisicare polymer for their long-lasting lipsticks.

Sales: Invisicare polymers are purchased directly from Skinvisible.

Women's Choice Pharmaceuticals

Product: ProCort®, long lasting prescription hemorrhoid cream launched in the United States August 2011.

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Sales and Royalties: Skinvisible receives a royalty based on net sales of ProCort. This past year Women's Choice Pharmaceuticals LLC partnered with Advanced Medical Enterprises, LLC to market ProCort® in Puerto Rico. With over thirty pharmaceutical sales reps calling on OBGYNs in the US, Women’s Choice has been successfully growing their sales of ProCort® and we look forward to continued increased growth in 2017. Women’s Choice is seeking to form other strategic alliances in order to increase its sales efforts by targeting new territories and targeting medical specialists which previously were not called upon

Additional Skinvisible Products

Sunless Tanning Products

We have developed a new sunless tanning mousse / foam which uses a unique foam with Invisicare®, developed specifically for its foaming properties. This adds to Skinvisible’s line of sunless tanning products which includes sunless tanning lotions (light, medium and dark), pre-sun moisturizer and after-sun moisturizer along with sunless tanning spray products for commercial use. The addition of a sunless tanning mousse enhances this line of products.

Sunscreen Products

We have developed 3 broad spectrum sunscreens, with SPF 15, 30 and 50 (the highest SPF allowed by the FDA). All are formulated with Avobenzone, the only UVA sun filter allowed under the US FDA monograph. This UVA/UVB sunscreen was granted a patent from the United States patent office in 2013. Avobenzone is known for breaking down in the sun after only two hours – thus the requirement to reapply every 2 hours. Skinvisible’s patent was granted based on Invisicare's® minimum 8 hour photo stability. For countries outside the United States, Skinvisible has additionally patented UVA/UVB sunscreens formulated with Tinosorb S.

Increasing The Value of Skinvisible’s Pipeline:

We have a pipeline of over forty products which are available for licensing. Testing is conducted in-house generating proof of concept including release of the active ingredient as well as long term shelf life (stability). Additional studies conducted on specific products including skin sensitivity, toxicity and product efficacy are outsourced to FDA compliant laboratories. These studies are critical in attracting potential licensees. Our clinical strategy is to:

- Our clinical strategy is to find a partner for our prescription product portfolio. This would allow for a partner to seek FDA approval using the 505b2 pathway for one or more of our products.

- Launch of our DermSafe® hand sanitizer in Canada either under Kintari or a licensee. In 2013, we commissioned an independent laboratory to further analyze the long-term effectiveness of DermSafe® when put in contact with two bacteria; the “super bug” MRSA and E. coli, the “restaurant bug” since it is often transmitted by food and food handlers. The long-term effectiveness of two bacteria; Methicillin-resistant Staphylococcus aureus or MRSA (ATCC #33591) and Escherichia coli or E. coli (ATCC #43888") were tested up to four hours after application. The results showed that the individual arms of subjects which had DermSafe® applied and were even rinsed prior to each bacteria challenge, showed a 95.83% reduction at the 4 hour time point for MRSA and 99.38% for E. coli. In 2013, we obtained the registration rights for DermSafe® in Belgium. This designation allows for the sale and/ or registration of DermSafe in most EU countries. A strategy is being developed along with a larger global strategy to bring DermSafe to the EU and. Skinvisible has also commissioned further testing of DermSafe against the (Middle East Respiratory Syndrome Coronavirus (MERS-CoV); a SARS-like virus and the avian influenza A virus, H7N9.

- We have developed two cannabis-based products with CBD from hemp (non-psychoactive) and will continue to develop an entire line of cannabis-based products which will include CBD and THC from marijuana. The cannabis market that Skinvisible has entered is vast and one of the fastest growing markets. There is a growing positive public opinion regarding the cannabis industry due to the increasing amount of encouraging scientific research proving the benefits and the increasingly supportive cannabis laws. The legal marijuana industry (medical and recreational) in the USA has reached over $6 billion in annual sales

- and is expected to increase to over $20 billion by 2020. In Canada, where the entire country is primed to add recreational marijuana nationally this year, the market is projected to reach $2.5 billion, with some future estimates at a staggering $10 to $22 billion annually. Skinvisible is poised to be a part of this expanding market. It is part of the ancillary cannabis market as Skinvisible does not sell or touch cannabis; it sells its proprietary Invisicare polymers coupled with proven product formulations and services to its licensees. Skinvisible will help bring science-based, patent protected products into this emerging industry.

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Secure Additional Licensees:

We are in discussions and undergoing internal discussions with various pharmaceutical companies for licenses.

To facilitate further expansion, we are seeking an exclusive license with a proven US or global based Pharmaceutical Company for our existing Rx product formulations. The licensee would be expected to pay all costs in getting FDA approval. The licensee would pay Skinvisible for the license in milestone payments as Clinical Phases are proven.

Competition

Market research indicates there is reasonably limited direct competition for Invisicare and patented products in terms of performance capabilities for topically administered skin products. Many companies are seeking unique delivery systems to enhance their portfolio and purchasing companies that have delivery technology.

Some of the companies involved in developing delivery technology are listed below. However, none of these competitors offer the same advantages of Invisicare principally the "long-term staying power" and the ability to control the release of active ingredients on the skin.

- GSK through its subsidiary, Stiefel Laboratories Inc., purchased Connetics Corporation for approximately $640 million in the fall of 2006. (Subsequently in 2009, Stiefel, with $900 million in sales, was purchased by GlaxoSmithKline for $3.9 billion – at 4 times revenue). Connetics has a patented foam delivery technology.

- Foamix Ltd is a drug development company with its head office in Israel. It has developed five platforms which use a foam delivery technology and is used in products like Rogaine®.

- A.P. Pharma sold its acne and actinic keratosis products made with its patented Microsponge® delivery system to two companies for a reported $30 million; Johnson & Johnson purchased the Retin-A Micro® product line, with revenues of $110 million in the US in 2006 and sanofi-aventis purchased Carac®, a product used to treat actinic keratosis, with $11 million in sales in 2001.

Government Regulation

Cosmetic and Skin Care Regulation

Depending upon product claims and formulation, skin care products may be regulated as cosmetics, drugs, devices, or combination cosmetics and drugs. We currently only market cosmetic skin care products and are evaluating entry into the pharmaceutical market. The FDA has authority to regulate cosmetics marketed in the United States under the FDCA and the Fair Packaging and Labeling Act ("FPLA") and implementing regulations. The Federal Trade

Commission (the "FTC") regulates the advertising of cosmetics under the FTCA.

The FDCA prohibits the marketing of adulterated and misbranded cosmetics. Cosmetic ingredients must also comply with the FDA's ingredient, quality, and labeling requirements and the FTC's requirements pertaining to truthful and non-misleading advertising. Cosmetic products and ingredients, with the exception of color additives, are not required to have FDA premarket approval. Manufacturers of cosmetics are also not required to register their establishments, file data on ingredients, or report cosmetic-related injuries to the FDA.

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We will be responsible for substantiating the safety and product claims of the cosmetic products and ingredients before marketing. The FDA or FTC may disagree with our characterization of one or more of the skin care products as a cosmetic or the product claims. This could result in a variety of enforcement actions which could require the reformulation or relabeling of our products, the submission of information in support of the product claims or the safety and effectiveness of our products, or more punitive action, all of which could have a material adverse effect on our business. If the FDA determines we have failed to comply with applicable requirements under the FDCA or FPLA, it can impose a variety of enforcement actions from public warning letters, injunctions, consent decrees, and civil penalties to seizure of our products, total or partial shutdown of our production, and criminal prosecutions. If any of these events were to occur, it could materially adversely affect us. If the FTC determines we have failed to substantiate our claims, it can pursue a variety of actions including disgorgement of profits, injunction from further violative conduct, and consent decrees.

Cannabis Regulations

Skinvisible has entered the ancillary cannabis market. Currently cannabis (THC) is approved for sale for medical purposes in 28 states plus DC. Of these states, eight are also approved for recreational sales. These regulations are evolving and Skinvisible continues to monitor the effect on its product development and licensing plans. As stated previously, Skinvisible "does not touch the leaf", instead it sells its Invisicare® technology to its licensee in the cannabis industry. It is Skinvisible full intent to continue to always comply with state and federal laws.

Domestic State and Local Government Regulation

Some states and local governments in the United States regulate the labeling, operation, sale, and distribution of our skin care products. To the extent additional state or local laws apply, we intend to comply with them.

Foreign Government Regulation

In general, we will need to comply with the government regulations of each individual country in which our products are to be distributed and sold. These regulations vary in complexity and can be as stringent, and on occasion even more stringent, than FDA regulations in the United States. The level of complexity and stringency is not always precisely understood today for each country, creating greater uncertainty for the international regulatory process. Furthermore, government regulations can change with little to no notice and may result in up-regulation of our product(s), thereby creating a greater regulatory burden for us. We have not yet thoroughly explored the applicable laws and regulations that we will need to comply with in foreign jurisdictions. As a result it is possible that we may not be permitted to sell our products in foreign markets or expand our business into one or more foreign jurisdictions.

Environmental Laws

We are not subject to any significant or material environmental regulation in the normal operation of our business.

Employees

We currently have three employees, including our sole officer Terry Howlett.

Subsidiaries

We conduct our operations through our wholly-owned subsidiaries, Skinvisible Pharmaceuticals, Inc. and Kintari Int. Inc.

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Item 1A. Risk Factors

Risks Related to Our Financial Condition and our Business

Our investors may lose their entire investment because our financial status creates a doubt whether we will continue as a going concern.

Our auditors, in their opinion dated April 17 , 2017 have stated that currently we do not have sufficient cash nor do we have a significant source of revenues to cover our operational costs and allow us to continue as a going concern. We seek to raise operating capital to implement our business plan in an offering of our common stock. Our company's plan specifies a minimum amount of $500,000 in additional operating capital to operate for the next twelve months. However, there can be no assurance that such offering will be successful. You may lose your entire investment

Our failure to raise additional capital or generate cash flows necessary to expand our operations could reduce our ability to compete successfully and adversely affect our results of operations.

We need to raise additional funds to achieve our future strategic objectives, and we may not be able to obtain additional debt or equity financing on favorable terms, if at all. If we engage in debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios or restrict our ability to pay dividends or make acquisitions. If we need additional capital and cannot raise it on acceptable terms, we may not be able to, among other things:

- launch, develop and enhance our existing products;
- continue to expand our product base, sales and/or marketing efforts;
- hire, train and retain employees; or
- respond to competitive pressures or unanticipated working capital requirements.

Our inability to do any of the foregoing could reduce our ability to compete successfully and adversely affect our results of operations.

If our products are not deemed desirable and suitable for purchase and we cannot establish a customer base, we may not be able to generate sufficient revenues, which would result in a failure of the business and a loss of any investment one makes our company.

The acceptance of our products is critically important to our success. We cannot be certain that the products that we will be offering will be appealing and as a result there may not be any demand for these products and our sales could be limited and we may never realize any significant revenues. In addition, there are no assurances that if we alter or change the products we offer in the future that the demand for these new products will develop and this could adversely affect our business and any possible revenues.

If demand for the products that we plan to offer slows, then our business would be materially affected.

Demand for products, which we intend to sell, depends on many factors, including:

- the economy, and in periods of rapidly declining economic conditions, customers may defer luxury purchases or may choose alternate products;

- the competitive environment in the skin care sector may force us to reduce prices below our desired pricing level or increase promotional spending;

- our ability to anticipate changes in consumer preferences and to meet customers’ needs for skin care products in a timely cost-effective manner;

- our ability to maintain efficient, timely and cost-effective production and delivery of the products and services; and,

- our ability to identify and respond successfully to emerging trends in the skin care and personal care industries.

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For the long term, demand for the products we plan to offer may be affected by:

- the ability to establish, maintain and eventually grow market share in a competitive environment;
- our ability to deliver our products in the markets we intend to service, changes in government regulations, currency fluctuations, natural disasters, pandemics and other factors beyond our control may increase the cost of items we purchase, create communication issues or render product delivery difficult which could have a material adverse effect on our sales and profitability; and
- restrictions on access to North American markets and supplies.

All of these factors could result in immediate and longer term declines in the demand for the products that we plan to offer, which could adversely affect our sales, cash flows and overall financial condition.

Because we are new in the marketplace, we may not be able to compete effectively and increase market share.

Our current and potential competitors may have longer operating histories, significantly greater resources and name recognition, and a larger base of customers than we have. Our competitors may also be able to adopt more aggressive pricing policies and devote greater resources to the development, marketing and sale of their products and services than we can. To be competitive, we must continue to invest significant resources in sales and marketing. We may not have sufficient resources to make these investments or to develop the technological advances necessary to be competitive, which in turn will cause our business to suffer and restrict our profitability potential.

Because we rely on third parties to manufacture our products, we are subject to factors outside of our control to meet our standards or timelines.

Our products are manufactured by three third-party manufacturing companies on a purchase order basis. No contractual arrangement are currently in place, except for standard confidentiality agreements. We are dependent on the timeliness and effectiveness of our third-part manufacturers' efforts.

Failure or lack of reliability in the manufacture of our products is likely to result in loss of business. Among other risks:

- Our products may fail to provide the expected results;
- We may experience limited availability of quality ingredients for manufacturing;
- We may experience poor quality manufacturing;
- Our products may have new competition from other companies attempting to duplicate our formulas; and
- Our customers could experience results different from our test results.

Like other retailers, distributors and manufacturers of skin care and personal care products, we face an inherent risk of exposure to product liability claims in the event that the use of the products that we sell results in injury.

We may be subjected to various product liability claims, including claims that the products we sell contain contaminants, are improperly labeled or include inadequate instructions as to use or inadequate warnings concerning side effects and interactions with other substances. In addition, we may be forced to defend lawsuits. We cannot predict whether product liability claims will be brought against us in the future or the effect of any resulting adverse publicity on the business. Moreover, we may not have adequate resources in the event of a successful claim against us. The successful assertion of product liability claim against us could result in potentially significant monetary damages. In addition, interactions of the products with other similar products, prescription medicines and over-the-counter drugs have not been fully explored.

We may also be exposed to claims relating to product advertising or product quality. People may purchase our products expecting certain physical results, unique to skin care and personal care products. If they do not perceive expected results to occur, certain individuals or groups of individuals may seek monetary retribution.

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If our products become contaminated, our business could be seriously harmed.

We have adopted various quality, environmental, health and safety standards. However, our products may still not meet these standards or could otherwise become contaminated. A failure to meet these standards or contamination could occur in our operations or those of our bottlers, manufacturers, distributors or suppliers. Such a failure or contamination could result in expensive production interruptions, recalls and liability claims. Moreover, negative publicity could be generated even from false, unfounded or nominal liability claims or limited recalls. Any of these failures or occurrences could negatively affect our business and financial performance.

Our business may be adversely affected by unfavorable publicity within the skin care markets.

Management believes that the skin care market and personal care markets are significantly affected by national media attention. As with any retail provider, future scientific research or publicity may not be favorable to the industry or to any particular product, and may not be consistent with earlier favorable research or publicity. Because of our dependence on consumers' perceptions, adverse publicity associated with illness or other adverse effects resulting from the use of our products or any similar products distributed by other companies and future reports of research that are perceived as less favorable or that question earlier research, could have a material adverse effect on our business, financial condition and results of operations. We are highly dependent upon consumers' perceptions of the safety and quality of the products as well as similar products distributed by other companies. Thus, the mere publication of reports asserting that skin care or personal care products may be harmful or questioning their efficacy could have a material adverse effect on our business, financial condition and results of operations, regardless of whether such reports are scientifically supported or whether the claimed harmful effects would be present at the dosages recommended for such products.

As we intend to conduct international business transactions, we will be exposed to local business risks in different countries, which could have a material adverse effect on our financial condition or results of operations.

We intend to promote and sell our products internationally. Our international operations will be subject to risks inherent in doing business in foreign countries, including, but not necessarily limited to:

- new and different legal and regulatory requirements in local jurisdictions;

- potentially adverse tax consequences, including imposition or increase of taxes on transactions or withholding and other taxes on remittances and other payments by subsidiaries;

- risk of nationalization of private enterprises by foreign governments;

- legal restrictions on doing business in or with certain nations, certain parties and/or certain products; and,
- local economic, political and social conditions, including the possibility of hyperinflationary conditions and political instability.

We may not be successful in developing and implementing policies and strategies to address the foregoing factors in a timely and effective manner in the locations where we will do business. Consequently, the occurrence of one or more of the foregoing factors could have a material adverse effect on our base operations and upon our financial condition and results of operations.

Since our products will be available over the Internet in foreign countries and we plan to have customers residing in foreign countries, foreign jurisdictions may require us to qualify to do business in their country. We will be required to comply with certain laws and regulations of each country in which we conduct business, including laws and regulations currently in place or which may be enacted related to Internet services available to the residents of each country from online sites located elsewhere.

Because of the nature of our products, we may be subject to government regulations or laws that increase our costs of operations or decrease our ability to generate income.

Any failure by us, or by any third party that may manufacture or market our products, to comply with the law, including statutes and regulations administered by the FDA or other U.S. or foreign regulatory authorities, could result in, among other things, warning letters, fines and other civil penalties, suspension of regulatory approvals and the resulting requirement that we suspend sales of our products, refusal to approve pending applications or supplements to approved applications, export or import restrictions, interruption of production, operating restrictions, closure of the facilities used by us or third parties to manufacture our product candidates, injunctions or criminal prosecution. Any of the foregoing actions could have a material adverse effect on our business.

Our commercial success depends significantly on our ability to develop and commercialize our potential products without infringing the intellectual property rights of third parties.

Our commercial success will depend, in part, on operating our business without infringing the patents or proprietary rights of third parties. Third parties that believe we are infringing on their rights could bring actions against us claiming damages and seeking to enjoin the development, marketing and distribution of our products. If we become involved in any litigation, it could consume a substantial portion of our resources, regardless of the outcome of the litigation. If any of these actions are successful, we could be required to pay damages and/or to obtain a license to continue to develop or market our products, in which case we may be required to pay substantial royalties. However, any such license may not be available on terms acceptable to us or at all. Ultimately, we could be prevented from commercializing a product or forced to cease some aspect of our business operations as a result of patent infringement claims, which would harm our business.

The implementation of our business plan relies on our ability to manage growth. If we are not able to manage the growth, our business plan may not be successfully implemented.

We expect to expand our operations by increasing our sales and marketing efforts, research and development activities, and escalating our services. The anticipated growth could place a significant strain on our management, and operational and financial resources. Effective management of the anticipated growth shall require expanding our management and financial controls, hiring additional appropriate personnel as required, and developing additional expertise by existing management personnel. However, there can be no assurances that these or other measures we may implement shall effectively increase our capabilities to manage such anticipated growth or to do so in a timely and cost-effective manner. Moreover, management of growth is especially challenging for a company with a short revenue generating history and limited financial resources, and the failure to effectively manage growth could have a material adverse effect on our operations.

Our success depends on continuing to hire and retain qualified personnel, including our director and officers and our technical personnel. If we are not successful in attracting and retaining these personnel, our business will suffer.

Our success depends substantially on the performance of our management team and key personnel. Currently, we have four employees, including our CEO Terry Howlett. All our employees with the exception of our bookkeeper are full-time employees. Due to the specialized technical nature of our business, we are particularly dependent on our technical personnel. Our future success will depend on our ability to attract, integrate, motivate and retain qualified technical, sales, operations, and managerial personnel, as well as our ability to successfully implement a plan for management succession. Competition for qualified personnel in our business areas is intense, and we may not be able to continue to attract and retain key personnel. In addition, if we lose the services of any of our management team or key personnel and are not able to find suitable replacements in a timely manner, our business could be disrupted and we may incur increased operating expenses.

Our ability to attract new distributors and customers and expand our products into new lucrative markets is highly dependent on our ability to continue to invest in research and development resources.

We have invested in laboratory facilities and equipment in order to increase, expand or update our research and development capabilities. Changes in our technology or development opportunities beyond currently established laboratory capabilities shall require further investment. However, there can be no assurances that we shall generate sufficient funds from operations to finance any required investment or that other sources of funding shall be available. Additionally, there can be no guarantees that any future expansion shall not negatively affect earnings.

If we are unable to attract new distributors and customers, or if our existing distributors and customers do not purchase additional products, the growth of our business and cash flows will be adversely affected.

To increase our revenues and cash flows, we must regularly add distributors and customers and sell additional products to our existing distributors and customers. If we are unable to sell our products to customers that have been referred to us, unable to generate sufficient sales leads through our marketing programs, or if our existing or new distributors and customers do not perceive our products to be of sufficiently high value and quality, we may not be able to increase sales and our operating results would be adversely affected. In addition, if we fail to sell new products to existing distributors and customers or new distributors and customers, our operating results will suffer, and our revenue growth, cash flows and profitability may be materially and adversely affected.

Key management personnel may leave us, which could adversely affect our ability to continue operations.

We are entirely dependent on the efforts of our management because of the time and effort that they devote to us. They are in charge of overseeing all development strategies, supervising any/all future personnel, and the implementation of our business plan. Their loss, or other key personnel in the future, could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Securities

If a market for our common stock does not develop, shareholders may be unable to sell their shares.

Our common stock is quoted under the symbol “SKVI” on the OTCQB operated by OTC Markets Group, Inc, an electronic inter-dealer quotation medium for equity securities. We do not currently have an active trading market. There can be no assurance that an active and liquid trading market will develop or, if developed, that it will be sustained.

Our securities are very thinly traded. Accordingly, it may be difficult to sell shares of our common stock without significantly depressing the value of the stock. Unless we are successful in developing continued investor interest in our stock, sales of our stock could continue to result in major fluctuations in the price of the stock.

Our common stock price may be volatile and could fluctuate widely in price, which could result in substantial losses for investors.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including:

- technological innovations or new products and services by us or our competitors;
- government regulation of our products and services;
- the establishment of partnerships with other technology companies;
- intellectual property disputes;
- additions or departures of key personnel;
- sales of our common stock
- our ability to integrate operations, technology, products and services;
- our ability to execute our business plan;
- operating results below expectations;
- loss of any strategic relationship;
- industry developments;
- economic and other external factors; and
- periodtoperiod fluctuations in our financial results.

Because we have nominal revenues to date, you should consider any one of these factors to be material. Our stock price may fluctuate widely as a result of any of the above.

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In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We have not paid cash dividends in the past and do not expect to pay cash dividends in the future on our common stock. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. The payment of cash dividends on our common stock will depend on earnings, financial condition and other business and economic factors at such time as the board of directors may consider relevant. If we do not pay cash dividends, our common stock may be less valuable because a return on your investment will only occur if its stock price appreciates.

As a new investor, you will experience substantial dilution as a result of future equity issuances.

In the event we are required to raise additional capital it may do so by selling additional shares of common stock thereby diluting the shares and ownership interests of existing shareholders.

Because we are subject to the "Penny Stock" rules, the level of trading activity in our stock may be reduced.

The Securities and Exchange Commission has adopted regulations which generally define "penny stock" to be any listed, trading equity security that has a market price less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exemptions. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer must also provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules generally require that prior to a transaction in a penny stock, the broker-dealer make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules which may increase the difficulty Purchasers may experience in attempting to liquidate such securities.

Provisions in the Nevada Revised Statutes and our Bylaws could make it very difficult for an investor to bring any legal actions against our directors or officers for violations of their fiduciary duties or could require us to pay any amounts incurred by our directors or officers in any such actions.

Members of our board of directors and our officers will have no liability for breaches of their fiduciary duty of care as a director or officer, except in limited circumstances, pursuant to provisions in the Nevada Revised Statutes and our Bylaws as authorized by the Nevada Revised Statutes. Specifically, Section 78.138 of the Nevada Revised Statutes provides that a director or officer is not individually liable to the company or its shareholders or creditors for any damages as a result of any act or failure to act in his or her capacity as a director or officer unless it is proven that (1) the director’s or officer’s act or failure to act constituted a breach of his or her fiduciary duties as a director or officer and (2) his or her breach of those duties involved intentional misconduct, fraud or a knowing violation of law. This provision is intended to afford directors and officers protection against and to limit their potential liability for monetary damages resulting from suits alleging a breach of the duty of care by a director or officer. Accordingly, you may be unable to prevail in a legal action against our directors or officers even if they have breached their fiduciary duty of care. In addition, our Bylaws allow us to indemnify our directors and officers from and against any and all costs, charges and expenses resulting from their acting in such capacities with us. This means that if you were able to enforce an action against our directors or officers, in all likelihood, we would be required to pay any expenses they incurred in defending the lawsuit and any judgment or settlement they otherwise would be required to pay. Accordingly, our indemnification obligations could divert needed financial resources and may adversely affect our business, financial condition, results of operations and cash flows, and adversely affect prevailing market prices for our common stock.

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Item 2. Properties

Currently, we do not own any real estate. We are leasing our executive offices and research facility. We are located at 6320 South Sandhill Road, Suite 10, Las Vegas, Nevada 89120. We signed an addendum to our lease on January 18, 2017, which extends the term until March 31, 2018. Rent is $3,596.60 per month plus all applicable CAM charges.

Skinvisible Pharmaceuticals, Inc., our wholly-owned subsidiary, owns the manufacturing and laboratory equipment at this location.

Item 3. Legal Proceedings

We are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

Item 4. Mine Safety Disclosures

Not Applicable

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is quoted under the symbol "SKVI" on the OTCQB operated by OTC Markets Group, Inc.

Only a limited market exists for our securities. There is no assurance that a regular trading market will develop, or if developed, that it will be sustained. Therefore, a shareholder may be unable to resell his securities in our company.

The following table sets forth the range of high and low bid quotations for our common stock for each of the periods indicated as reported by the OTCQB. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Fiscal Year Ending December 31, 2015		
Quarter Ended	High $	Low $
December 31, 2015	0.042	0.023
September 30, 2015	0.049	0.015
June 30, 2015	0.052	0.025
March 31, 2015	0.06	0.038

Fiscal Year Ending December 31, 2016		
Quarter Ended	High $	Low $
December 31, 2016	0.0289	0.0081
September 30, 2016	0.0236	0.0068
June 30, 2016	0.02	0.0042
March 31, 2016	0.032	0.0136

On April 7, 2017, the last sales price per share of our common stock on the OTCQB was $.0365.

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Penny Stock

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than $5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker’s or dealer’s duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer’s account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

Holders of Our Common Stock

As of March 31, 2017, we had 123, 935,319 shares of our common stock issued and outstanding, held by 187 shareholders of record, other than those held in street name.

Dividends

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where after giving effect to the distribution of the dividend:

1. we would not be able to pay our debts as they become due in the usual course of business, or;
2. our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future.

Recent Sales of Unregistered Securities

The information set forth below relates to our issuances of securities without registration under the Securities Act of 1933 during the reporting period which were not previously included in a Quarterly Report on Form 10-Q or Current Report on Form 8-K.

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On March 2, 2017, we granted an option to purchase 200,000 shares of our common stock to a consultant. The option has a strike price of $0.03. The stock option was exercisable upon grant and have a life of 3 years.

On November 29, 2016, we issued 1,000,000 shares of our common stock pursuant to a conversion agreement to settle $10,000 in outstanding convertible debt .

On October 31, 2016, we issued 3,333,350 shares of our common stock and warrants to purchase 1,666,675 shares of common stock, exercisable at $0.025, for a cash investment of $50,000.

On October 21, 2016, we issued 1,000,000 shares of our common stock to two consultants for services.

On February 2, 2016, we issued 400,000 shares of our common stock each to two consultants for services related our financing.

On February 2, 2016, we entered into a promissory note and pursuant to its terms we issued the holder 250,000 shares of our common stock valued at $0.02 per share.

On January 27, 2016, we entered into a promissory note and pursuant to its terms we issued the holder 100,000 shares of our common stock valued at $0.02 per share.

On January 27, 2016, the Company entered into a promissory note and pursuant to its terms the Company issued the holder 200,000 shares of its common stock valued at $0.02 per share. The shares were fair valued at $4,980 or $0.0249 per share.

These securities were issued pursuant to Section 4(2) of the Securities Act and/or Rule 506 promulgated thereunder. The holders represented their intention to acquire the securities for investment only and not with a view towards distribution. The investors were given adequate information about us to make an informed investment decision. We did not engage in any general solicitation or advertising. We directed our transfer agent to issue the stock certificates with the appropriate restrictive legend affixed to the restricted stock.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information about our compensation plans under which shares of common stock may be issued upon the exercise of options as of December 31, 2016.

In July 2006, we adopted the 2006 Skinvisible, Inc. Stock Option Plan, which provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, performance shares and performance units, and stock awards our officers, directors or employees of, as well as advisers and consultants. This plan was confirmed by our stockholders on August 7, 2006 at the annual shareholders meeting.

Under the 2006 Skinvisible, Inc. Stock Option Plan, we reserved 10,000,000 shares of common stock for the granting of options and rights.

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Equity Compensation Plans as of December 31, 2016

Plan Category	A **Number of securities to be issued upon exercise of outstanding options, warrants and rights**	B **Weighted-average exercise price of outstanding options, warrants and right**	C **Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))**
Equity compensation plans approved by security holders	8,450,000	$0.05	1,550,000
Equity compensation plans not approved by security holders	2,800,000	$0.02	-
Total	11,250,000	$0.03	1,550,000

Item 6. Selected Financial Data

A smaller reporting company is not required to provide the information required by this Item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements." These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "v likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

Results of Operations for the Years Ended December 31, 2016 and 2015

Revenues

Our total revenue from product sales, royalties on patent licenses and license fees for the year ended December 31, 2016 was $108,890, a decrease from $174,635 for the year ended December 31, 2015.

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The decrease in revenue for the year ended December 31, 2016 was mainly due to a reduction in product sales. We hope to achieve increased revenues in 2017, as a result of our distribution agreement in China and our license agreement in the cannabis industry, along with our direct and online sales of Kintari products.

Cost of Revenues

Our cost of revenues for the year ended December 31, 2016 decreased to $37,055 from the prior year when cost of revenues was $56,898. Our cost of revenues decreased for the year ended December 31, 2016 over the prior year period as a result of decreased product sales. We expect our cost of revenues to increase as we continue to push sales from Kintari USA and Canada.

Gross Profit

Gross profit for the year ended December 31, 2016 was $71,835, or approximately 66% of sales. Gross profit for the year ended December 31, 2015 was $117,737, or approximately 67% of sales.

Operating Expenses

Operating expenses decreased to $913,539 for the year ended December 31, 2016 from $1,198,284 for the year ended December 31, 2015. Our operating expenses for the year ended December 31, 2016 consisted mainly of accrued salaries and wages of $369,324, consulting fees of $221,876, depreciation and amortization expenses of $57,648, rent of $43,245, accounting and audit expenses of $33,046 office expenses of $26,453, and legal fees of $35,630. In comparison, our operating expenses for the year ended December 31, 2015 consisted mainly of salaries and wages of salaries and wages of $328,931, salaries and wages of $185,911, commissions of $133,215, consulting fees of $131,301, travel of $73,745, depreciation and amortization expenses of $58,008, rent of $43,478 and accounting and audit expenses of $35,092.

Other Expenses

We had other expenses of $1,209,143 for the year ended December 31, 2016, compared with other expenses of $909,664 for the year ended December 31, 2015. This was largely the result of $1,268,509 we paid in interest expenses for the year ended December 31, 2016 from $915,214 in the prior period ended December 31, 2015.

We expect to continue to experience high interest payments in the future as a result of our outstanding liabilities. Moreover, as of the date of this report, there are a number of secured promissory notes with an aggregate principal amount of approximately $3,444,010 that have matured. In addition, we also have a number of unsecured promissory notes with an aggregate principal amount of $119,880 that have matured. If we are unable to generate sufficient revenues and/or additional financing to service this debt, there is a risk the lenders will call the notes, secure our assets, as to those applicable secured notes, and demand payment. If this happens, we could go out of business.

Net Loss

Net loss for the year ended December 31, 2016 was $2,050,847 compared to net loss of $1,990,211 for the year ended December 31, 2015.

Liquidity and Capital Resources

As of December 31, 2016, we had total current assets of $93,832 and total assets in the amount of $339,597. Our total current liabilities as of December 31, 2016 were $6,447,804. We had a working capital deficit of $6,353,972 as of December 31, 2016.

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Operating activities used $244,382 in cash for the year ended December 31, 2016, as compared with $852,735 for the year ended December 31, 2015. Our net loss of $2,050,847 was the main component of our negative operating cash flow, offset mainly by an increase in accounts payable and accrued liabilities of $785,415, amortization of debt discount of $648,139 and an increase in accrued interest of $223,914.

Cash flows used by investing activities during the year ended December 31, 2016 was $0, as compared with $5,726 for the year ended December 31, 2015, as a result of the purchase of fixed and intangible assets.

Cash flows provided by financing activities during the year ended December 31, 2016 amounted to $247,401, as compared with $661,859 for the year ended December 31, 2015. Cash flows for the year ended December 31, 2016 mainly consisted of $108,000 in proceeds from convertible debt, $77,000 in proceeds on notes payable, $75,000 in proceeds from the sale of our common stock and $60,501 in proceeds from related party debt, offset by $47,500 in payments on convertible debts and $25,600 in principal payments on notes payable.

The features of the debt instruments and payables concerning our financing activities for 2016 are detailed in the footnotes to our financial statements.

Based upon our current financial condition, we do not have sufficient cash to operate our business at the current level for the next twelve months. We intend to fund operations through increased sales and debt and/or equity financing arrangements, which may be insufficient to fund expenditures or other cash requirements. We plan to seek additional financing in a private equity offering to secure funding for operations. There can be no assurance that we will be successful in raising additional funding. If we are not able to secure additional funding, the implementation of our business plan will be impaired. There can be no assurance that such additional financing will be available to us on acceptable terms or at all.

Off Balance Sheet Arrangements

As of December 31, 2016, there were no off balance sheet arrangements.

Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most "critical accounting polices" in the Management Discussion and Analysis. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of a company's financial condition and results, and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Going concern – The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred cumulative net losses of $29,882,199 since its inception and requires capital for its contemplated operational and marketing activities to take place. The Company's ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company's contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. The ability to successfully resolve these factors raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

Product sales – Revenues from the sale of products (Invisicare® polymers) are recognized when title to the products are transferred to the customer and only when no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive reasonably assured payments for products sold and delivered.

Royalty sales – We also recognize royalty revenue from licensing our patented product formulations only when earned, with no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive and retain reasonably assured payments.

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Distribution and license rights sales – We also recognize revenue from distribution and license rights only when earned (and are amortized over a five year period), with no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive and retain reasonably assured payments.

Costs of Revenue – Cost of revenue includes raw materials, component parts, and shipping supplies. Shipping and handling costs is not a significant portion of the cost of revenue.

Accounts Receivable – Accounts receivable is comprised of uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The carrying amount of accounts receivable is reviewed periodically for collectability. If management determines that collection is unlikely, an allowance that reflects management's best estimate of the amounts that will not be collected is recorded. Management reviews each accounts receivable balance that exceeds 30 days from the invoice date and, based on an assessment of creditworthiness, estimates the portion, if any, of the balance that will not be collected. As of December 31, 2016, the Company had not recorded a reserve for doubtful accounts. The Company has $1,135,000 in convertible notes payable which are secured by the accounts receivable of a license agreement the Company has with Women's Choice Pharmaceuticals, LLC on its proprietary prescription product, ProCort®.

Recently Issued Accounting Pronouncements

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

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Item 8. Financial Statements and Supplementary Data

Index to Financial Statements Required by Article 8 of Regulation S-X:

Audited Financial Statements:

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PCAOB Registered Auditors – www.sealebeers.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Skinvisible, Inc.

We have audited the accompanying balance sheet of Skinvisible, Inc. as of December 31, 2015, and the related statements of operations, stockholders' equity (deficit), and cash flows for the year ended December 31, 2015. Skinvisible, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skinvisible, Inc. as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has negative working capital at December 31, 2015, has incurred recurring losses and recurring negative cash flow from operating activities, and has an accumulated deficit which raises substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Seale and Beers, CPAs

Seale and Beers, CPAs

Las Vegas, Nevada

April 7, 2016

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Skinvisible, Inc.

We have audited the accompanying balance sheet of Skinvisible, Inc. as of December 31, 2016 and the related statements of operations, stockholders' equity (deficit), and cash flows for the year ended December 31, 2016. Skinvisible, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skinvisible, Inc. as of December 31, 2016 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has negative working capital at December 31, 2016, has incurred recurring losses and recurring negative cash flow from operating activities, and has an accumulated deficit which raises substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ AMC Auditing

AMC Auditing

Las Vegas, Nevada

April 17, 2017

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SKINVISIBLE, INC.

CONSOLIDATED BALANCE SHEETS

(AUDITED)

	December 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash	$3,019	$—
Accounts receivable	9,974	5,000
Inventory	79,694	90,972
Due from related party	1,145	1,145
Prepaid expense and other current assets	—	—
Total current assets	93,832	97,117
Fixed assets, net of accumulated depreciation of $326,867 and $325,855, respectively	683	1,695
Intangible and other assets:		
Patents and trademarks, net of accumulated amortization of $401,087 and $344,451, respectively	245,082	301,718
Total assets	$339,597	$400,530
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	$808,014	$529,245
Accounts payable related party	25,960	
Bank overdraw	—	1,340
Accrued interest payable	759,757	539,247
Loans from related party	70,270	9,769
Loans payable	2,332,900	1,845,500
Convertible notes payable, net of unamortized debt discount of $71,827 and $141,510, respectively	1,329,163	1,205,576
Convertible notes payable related party, net of unamortized discount of $1,690,613 and $895,079, respectively	1,121,740	1,495,948
Total current liabilities	6,447,804	5,626,625
Loans payable	—	436,000
Total liabilities	6,447,804	6,062,625
Stockholders' deficit		
Common stock; $0.001 par value; 200,000,000 shares authorized; 123,835,319 and 115,701,969 shares issued and outstanding at December 31, 2016 and December	123,835	115,702

31, 2015, respectively		
Shares Payable	10,000	—
Additional paid-in capital	23,640,157	22,053,555
Accumulated deficit	(29,882,199)	(27,831,352)
Total stockholders' deficit	(6,108,207)	(5,662,095)
Total liabilities and stockholders' deficit	$339,597	$400,530

See Accompanying Notes to Consolidated Financial Statements.

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SKINVISIBLE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(AUDITED)

	Years ending December 31, 2016	December 31, 2015
Revenues	$ 108,890	$ 174,635
Cost of revenues	37,055	56,898
Gross profit	71,835	117,737
Operating expenses		
Depreciation and amortization	57,648	58,008
Selling general and administrative	855,891	1,140,276
Total operating expenses	913,539	1,198,284
Loss from operations	(841,704)	(1,080,547)
Other income and (expense)		
Other income	5	26
Interest expense	(1,268,509)	(915,214)
Gain (loss) on extinguishment of debt	59,361	5,524
Total other expense	(1,209,143)	(909,664)
Net loss	$ (2,050,847)	$ (1,990,211)
Basic loss per common share	$ (0.02)	$ (0.02)
Basic weighted average common shares outstanding	118,471,104	113,959,311

See Accompanying Notes to Consolidated Financial Statements.

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SKINVISIBLE, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

	Common Stock						
	Shares	Amount	Additional Paid-in Capital	Shares Payable	Accumulated Deficit		Total Stockholders Deficit
Balance, December 31, 2014 (audited)	111,813,969	111,814	21,378,656		(25,841,141)	$	(4,350,671)
Issuance of stock for cash	2,000,000	2,000	78,000		-		80,000
Issuance of stock for conversion of debts	1,250,000	1,250	23,750		-		25,000
Shares issued for settlement of accounts payable	388,000	388	11,988		-		12,376
Issuance of warrants and options for services	250,000	250	13,550		-		13,800
Financing costs related to convertible notes payable	-	-	547,611		-		547,611
Net loss	-	-	-		(1,990,211)		(1,990,211)
Balance, December 31, 2015 (audited)	115,701,969	115,702	22,053,555		(27,831,352)		(5,662,095)
Issuance of stock for cash	5,833,350	5,833	69,167		-		75,000
Shares issued for services	2,300,000	2,300	43,125		-		45,425

Shares issued for settlement of convertible notes				10,000	-	10,000
Warrants issued for services	-	-	100,320		-	100,320
Financing costs related to convertible notes payable			1,373,990			1,373,990
Net loss	-		-		(2,050,847)	(2,050,847)
Balance, December 31, 2016 (audited)	123,835,319	123,835	23,640,157	10,000	(29,882,199)	(6,108,207)

See Accompanying Notes to Consolidated Financial Statements.

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SKINVISIBLE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(AUDITED)

	Years Ended December 31, 2016	December 31, 2015
Cash flows from operating activities:		
Net loss	$(2,050,847)	$(1,990,211)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	57,648	58,008
Stock-based compensation	145,746	13,800
Bank overdraft	(1,340)	1,340
Amortization of debt discount	648,139	412,006
Gain on extinguishment of debt	(59,361)	(5,524)
Changes in operating assets and liabilities:		
Increase in inventory	11,278	(7,817)
Decrease in accounts receivable	(4,974)	4,457
Increase in accounts payable and accrued liabilities	785,415	470,070
Increase in accrued interest	223,914	191,136
Net cash used in operating activities	(244,382)	(852,735)
Cash flows from investing activities:		
Purchase of fixed and intangible assets	—	(5,726)
Net cash used in investing activities	—	(5,726)
Cash flows from financing activities:		
Proceeds from sale of common stock	75,000	80,000
Proceeds from related party loans, net of payments	60,501	7,859
Payments on notes payable	(25,600)	(94,500)
Proceeds from notes payable	77,000	436,000
Proceeds from convertible notes payable	108,000	232,500
Payments on convertible notes payable	(47,500)	—
Net cash provided by (used in) financing activities	247,401	661,859
Net change in cash	3,019	(196,602)
Cash, beginning of period	—	196,602
Cash, end of period	$3,019	$—
Supplemental disclosure of cash flow information:		

Cash paid for interest	$32,173	$232,956
Cash paid for tax	$—	$—
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Non-cash investing and financing activities:		
Accrued expenses convereted to notes	$419,325	$343,687
Benefitial conversion feature	$1,373,989	$547,611
Common stock issued on extiguishment of debts	$—	$25,000

See Accompanying Notes to Consolidated Financial Statements.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

1. DESCRIPTION OF BUSINESS, HISTORY AND SUMMARY OF SIGNIFICANT POLICIES

Description of business – Skinvisible, Inc., (referred to as the "Company") is focused on the development and manufacture and sales of innovative topical, transdermal and mucosal polymer-based delivery system technologies and formulations incorporating its patent-pending formula/process for combining hydrophilic and hydrophobic polymer emulsions. The technologies and formulations have broad industry applications within the pharmaceutical, over-the-counter, personal skincare and cosmetic arenas. Additionally, the Company's non-dermatological formulations, offer solutions for a broad spectrum of markets women's health, pain management, and others. The Company maintains executive and sales offices in Las Vegas, Nevada.

History – The Company was incorporated in Nevada on March 6, 1998, under the name of Microbial Solutions, Inc. The Company underwent a name change on February 26, 1999, when it changed its name to Skinvisible, Inc. The Company's subsidiary's name of Manloe Labs, Inc. was also changed to Skinvisible Pharmaceuticals, Inc.

On September 9, 2014, the Company formed Kinatri USA Inc., a wholly-owned subsidiary, to market a premium line of scientifically formulated skincare products powered by our patented Invisicare® technology. As part of its strategic focus on revenue generation and creating shareholder value, Kintari USA Inc. products will be sold via network marketing.

The Kintari product portfolio consists of anti-aging products to help fight the signs of aging. These products have been developed using proven anti-aging ingredients with scientific evidence of their effectiveness at reducing the look of fine lines and wrinkles resulting in youthful looking skin. These potent ingredients will be powered by patented Invisicare technology, providing consumers with unique, effective products which the Company believes cannot be duplicated. Additional products will be added to enhance this product line as the Company grows and expands.

Skinvisible, Inc., together with its subsidiaries, shall herein be collectively referred to as the "Company."

Going concern – The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred cumulative net losses of $29,882,199 since its inception and requires capital for its contemplated operational and marketing activities to take place. The Company's ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company's contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. The ability to successfully resolve these factors raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

Principles of consolidation – The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments and short-term debt instruments with original maturities of three months or less to be cash equivalents. There are $3,019 and $0 in cash and cash equivalents as of December 31, 2016 and December 31, 2015, respectively.

Fair Value of Financial Instruments

SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

The carrying amounts reflected in the balance sheets for cash, accounts payable and accrued expenses approximate the respective fair values due to the short maturities of these items.

As required by the Fair Value Measurements and Disclosures Topic of the FASB ASC, fair value is measured based on a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Revenue recognition

Product sales – Revenues from the sale of products (Invisicare® polymers) are recognized when title to the products are transferred to the customer and only when no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive reasonably assured payments for products sold and delivered.

Royalty sales – The Company also recognizes royalty revenue from licensing its patented product formulations only when earned, when no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive and retain reasonably assured payments.

Distribution and license rights sales – The Company also recognizes revenue from distribution and license rights only when earned (and are amortized over a five year period), when no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive and retain reasonably assured payments.

Costs of Revenue – Cost of revenue includes raw materials, component parts, and shipping supplies. Shipping and handling costs is not a significant portion of the cost of revenue.

Accounts Receivable – Accounts receivable is comprised of uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The carrying amount of accounts receivable is reviewed periodically for collectability. If management determines that collection is unlikely, an allowance that reflects management’s best estimate of the amounts that will not be collected is recorded. Management reviews each accounts receivable balance that exceeds 30 days from the invoice date and, based on an assessment of creditworthiness, estimates the portion, if any, of the balance that will not be collected. As of December 31, 2016, the Company had not recorded a reserve for doubtful accounts. The Company has $1,135,000 in convertible notes payable which are secured by the accounts receivable of a license agreement the Company has with Women's Choice Pharmaceuticals, LLC on its proprietary prescription product, ProCort®.

Inventory – Substantially all inventory consists of finished goods and are valued based upon first-in first-out ("FIFO") cost, not in excess of market. The determination of whether the carrying amount of inventory requires a write-down is based on an evaluation of inventory.

SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

Goodwill and intangible assets – The Company follows Financial Accounting Standard Board's (FASB) Codification Topic 350-10 ("ASC 350-10"), "*Intangibles – Goodwill and Other*". According to this statement, goodwill and intangible assets with indefinite lives are no longer subject to amortization, but rather an annual assessment of impairment by applying a fair-value based test. Fair value for goodwill is based on discounted cash flows, market multiples and/or appraised values as appropriate. Under ASC 350-10, the carrying value of assets are calculated at the lowest level for which there are identifiable cash flows.

Income taxes – The Company accounts for its income taxes in accordance with FASB Codification Topic ASC 740-10, "*Income Taxes*", which requires recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Stock-based compensation – The Company follows the guidelines in FASB Codification Topic ASC 718-10 "*Compensation-Stock Compensation*", which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchases related to an Employee Stock Purchase Plan based on the estimated fair values.

Stock based compensation expense recognized under ASC 718-10 for the years ended December 31, 2016 and 2015 totaled $145,746 and $13,800, respectively.

Earnings (loss) per share – The Company reports earnings (loss) per share in accordance with FASB Codification Topic ASC 260-10 "*Earnings Per Share*", Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share has not been presented since the effect of the assumed exercise of options and warrants to purchase common shares (common stock equivalents) would have an anti-dilutive effect.

Recently issued accounting pronouncements

The Company has evaluated the all recent accounting pronouncements through ASU 2017-07, and believes that none of them will have a material effect on the Company's financial position, results of operations or cash flows.

2. FIXED ASSETS

Fixed assets consist of the following as of December 31, 2016 and December 31, 2015:

	December 31, 2016	December 31, 2015
Machinery and equipment	$ 48,163	$ 48,163
Furniture and fixtures	113,635	113,635
Computers, equipment and software	39,722	39,722
Leasehold improvements	12,569	12,569
Lab equipment	113,461	113,461
Total	327,550	327,550
Less: accumulated depreciation	(326,867)	(325,855)
Fixed assets, net of accumulated depreciation	$683	$1,695

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

Depreciation expense for the years ended December 31, 2016 and 2015 was $1,012 and $1,580, respectively.

3. INVENTORY

Inventory consist of the following as of December 31, 2016 and December 31, 2015:

	December 31, 2016	December 31, 2015
Shipping and Packing materials	$10,274	$11,651
Marketing Supplies	17,139	19,346
Finished Goods	32,998	19,082
Raw Materials	19,283	40,893
Total	$79,694	$90,972

4. INTANGIBLE AND OTHER ASSETS

Patents and trademarks are capitalized at their historical cost and are amortized over their estimated useful lives. As of December 31, 2016, patents and trademarks total $646,169, net of $401,087 of accumulated amortization. Amortization expense for the years ended December 31, 2016 and 2015 was $56,636 and $56,428, respectively.

License and distributor rights (“agreement”) were acquired by the Company in January 1999 and provide exclusive use distribution of polymers and polymer based products. The Company has a non-expiring term on the license and distribution rights. Accordingly, the Company annually assesses this license and distribution rights for impairment and has determined that no impairment write-down is considered necessary as of December 31, 2016.

5. STOCK OPTIONS AND WARRANTS

The following is a summary of option activity during the year ended December 31, 2016.

	Number of Shares	Weighted Average Exercise Price
Balance, December 31, 2015	8.450.000	$ 0.05
Options granted and assumed	4,150,000	$ 0.02
Options expired	1,350,000	$ 0.04
Options canceled	—	—
Options exercised	—	—
Balance, December 31, 2016	11,250,000	$ 0.03

As of December 31, 2016, all stock options outstanding are exercisable.

On February 10, 2016, the Company granted stock options for 4,150,000 options to purchase shares of its common stock to its officers and directors. The options have a strike price of $0.02. The stock options were exercisable upon grant and have a life of 5 years. The stock options were valued at $99,167 using the Black-Scholes option pricing model. The Company recorded an expense of $99,197 for the years ended December 31, 2016.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

Stock warrants -

The following is a summary of warrants activity during the year ended December 31, 2016.

	Number of Shares	Weighted Average Exercise Price
Balance, December 31, 2015	2,969,750	$ 0.06
Warrants granted and assumed	3,327,675	0.02
Warrants expired	1,344,750	0.06
Warrants canceled	—	—
Warrants exercised	—	—
Balance, December 31, 2016	4,952,675	$ 0.03

All warrants outstanding as of December 31, 2016 are exercisable.

6. NOTES PAYABLE

On May 22, 2013, the Company approved a financing plan to offer accredited investors up to $1,000,000 in secured promissory notes. During the year ended December 31, 2013, the Company entered into twenty-four 9% notes payable to investors and received total proceeds of $1,000,000. The notes are due two years from the anniversary date of execution. The Notes are secured by the US Patent rights granted for the Company's Sunscreen Products: US patent number #8,128,913: "Sunscreen Composition with Enhanced UV-A Absorber Stability and Methods." During the year ending December 31, 2016 the Company made principal payments of $nil.

On May 19, 2014, the Company approved a financing plan to offer accredited investors up to an additional $1,000,000 in secured promissory notes. For the period from May 19, 2014 to March 31, 2015 the Company entered into twenty-seven 9% notes payable to investors and received total proceeds of $1,000,000. The notes are due two years from the anniversary date of execution. The Notes are secured by the US Patent rights granted for the Company's Sunscreen Products: US patent number #8,128,913: "Sunscreen Composition with Enhanced UV-A Absorber Stability and Methods." As of December 31, 2016, $980,000 in notes have reached their initial maturity date. Note holders of $20,000 in debt executed agreements extending their notes for an additional 12 months upon the same terms. The extended notes fully matured on November 6, 2016.

During the period from April 1, 2015 and September 30, 2015, the Company entered into thirteen additional 9% notes payable to investors and received total proceeds of $326,000. The notes are due two years from the anniversary date of execution. The Notes are secured by the US Patent rights granted for the Company's Sunscreen Products: US patent number #8,128,913: "Sunscreen Composition with Enhanced UV-A Absorber Stability and Methods".

On January 27, 2016, the Company entered into a 12% unsecured note payable to an investor and received total proceeds of $33,000. The note was due on May 30, 2016.

On January 27, 2016, we entered into a promissory note pursuant to which we borrowed $24,000. Interest under the note is at 10% per annum, and the principal and all accrued but unpaid interest was due on February 15, 2016.

On June 28, 2016, we entered into a promissory note pursuant to which we borrowed $10,000. Interest under the note is at 10% per annum, and the principal and all accrued but unpaid interest was due on December 31, 2016.

SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

As of December 31, 2016, $2,332,900 of the Notes were due in less than 12 months and have been classified as current notes payable.

7. RELATED PARTY TRANSACTIONS

During the year ended 2016, officers of the Company advanced $59,700 to support the daily operations of the company. The advance is due on demand and bears no interest. $5,269 in advances were repaid during the year ending December 31, 2016.

On October 8, 2016, the Company entered into a 10% unsecured note payable to an employee and received total proceeds of $5,070. The note is due on December 31, 2016. $4,000 of principal was repaid during the year ending December 31, 2016.

On October 11, 2016, the Company entered into a 10% unsecured note payable to an employee and received total proceeds of $5,000. The note is due on December 31, 2016.

As of December 31, 2016, $70,270 remained due to related parties as repayment for advanced and loaned monies, all other related party notes have been extinguished or re-negotiated as convertible notes. See note 9.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

8. CONVERTIBLE NOTES PAYABLE

Convertible Notes Payable at consists of the following:	December 31, 2016	December 31, 2015
$52,476 face value,10% unsecured note payable to an investor, note interest and principal are due on demand. The note could be converted to option rights for the Company's shares at ten cents per share ($0.10), these rights expired on January 12, 2010. The note is currently in default, but no penalties occur due to default.	$28,476	$28,476
Unamortized debt discount	-	-
Total, net of unamortized discount	28,476	28,476

$1,000,000 face value 9% secured notes payable to investors, due in 2015. At the investor's option until the repayment date, the note and related interest may be converted to shares of the Company's common stock a discount of 90% of the current share price after the first anniversary of the note. The notes are secured by the accounts receivable of a license agreement the Company has with Womens Choice Pharmaceuticals, LLC on its proprietary prescription product, ProCort®. The Company has determined the value associated with the beneficial conversion feature in connection with the notes and interest to be $111,110. The aggregate original issue discount feature has been accreted and charged to interest expenses as a financing expense. The original issue discount feature is valued under the intrinsic value method. The notes have reach maturity and are now in default, under the notes default provisions the entire balance is now due upon demand.	1,000,000	1,000,000
Original issue discount	111,110	111,110
Unamortized debt discount	-	-
Total, net of unamortized discount	1,111,110	1,111,110

On July 28, 2015, the Company entered into a convertible promissory note pursuant to which it borrowed $47,500. Interest under the convertible promissory note is 8% per annum, and the principal and all accrued but unpaid interest is due on April 30, 2016. The note was convertible at any time following 180 days after the issuance date at noteholders option into shares of our common stock at a variable conversion price of 58% of the lowest average three day market price of our common stock during the 10 trading days prior to the notice of conversion, subject to adjustment as described in the note. The holder's ability to convert the note, however, is limited in that it will not be permitted to convert any portion of the note if the number of shares of our common stock beneficially owned by the holder and its affiliates, together with the number of shares of our common stock issuable upon any full or partial conversion, would exceed 9.99% of the Company's outstanding shares of common stock.	-	47,500
The Company determined the value associated with the beneficial conversion feature in connection with the notes negotiated on July 28, 2015 to be $44,634. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $19,497 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method		
During the year ended December 31, 2016, the Company paid $72,458 to the note holder to settle the note in full. The payment included interest and prepayment penalties of $24,958.		
Unamortized debt discount	-	(19,497)
Total, net of unamortized discount	-	28,003
$135,000 face value 9% unsecured notes payable to investors, due October 26, 2017. At the investor's option until the repayment date, the note and related interest may be converted to shares of the Company's common stock a discount of 90% of the current share price after the first anniversary of the note. The notes are secured by the accounts receivable of a license agreement the Company has with Womens Choice Pharmaceuticals, LLC on its proprietary prescription product, ProCort®. The Company has determined the value associated with the beneficial conversion feature in connection with the notes and interest to be $117,535. The aggregate original issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of $58,928 during the year ended December 31, 2016. The original issue discount feature is valued under the intrinsic value method.	135,000	135,000
Unamortized debt discount	(47,980)	(106,908)
Total, net of unamortized discount	87,020	28,092
On December 17, 2015, the Company entered into a convertible promissory note pursuant to which it borrowed $25,000. Interest under the convertible promissory note is 10% per annum, and the principal and all accrued but unpaid interest is due on May 17, 2016. The note is convertible into 1,250,000 shares of the Company's common stock at a price of $0.02 per share and 625,000 warrants exercisable at $0.04 per share.	-	25,000
The Company has determined the value associated with the beneficial conversion feature in connection with the notes negotiated on December 17, 2015 to be $16,648. The aggregate		

original issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of $16,648 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method		
The Note and all accrued interest was paid in full through the issuance of a new convertible note on August 31, 2016.		
Unamortized debt discount	-	(15,104)
Total, net of unamortized discount	-	9,896
On February 1, 2016, the Company entered into a convertible promissory note pursuant to which it borrowed $25,000. Interest under the convertible promissory note is 10% per annum, and the principal and all accrued but unpaid interest is due on July 25, 2016. The note is convertible into 1,250,000 shares of the Company's common stock at a price of $0.02 per share and 625,000 warrants exercisable at $0.02 per share.		
The Company has determined the value associated with the beneficial conversion feature in connection with the notes negotiated on February 1, 2016 to be $21,819. The aggregate original issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of $21,819 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method	-	-
The Note and all accrued interest was paid in full through the issuance of a new convertible note on August 31, 2016.		
Unamortized debt discount	-	-
Total, net of unamortized discount	-	-
On February 1, 2016, the Company entered into a convertible promissory note pursuant to which it borrowed $38,000. Interest under the convertible promissory note is 10% per annum, and the principal and all accrued but unpaid interest is due on February 15, 2017. The note is convertible into 1,900,000 shares of the Company's common stock at a price of $0.02 per share and 950,000 warrants exercisable at $0.02 per share.		
	38,000	-
The Company has determined the value associated with the beneficial conversion feature in connection with the notes negotiated on February 1, 2016 to be $33,164. The aggregate original issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of $29,109 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method		
Unamortized debt discount	(4,055)	-
Total, net of unamortized discount	33,945	-
On February 17, 2016, the Company entered into a convertible promissory note pursuant to which it borrowed $20,000. Interest under the convertible promissory note is 9% per annum, and the principal and all accrued but unpaid interest is due on February 17, 2018. The note is	20,000	-

convertible at any time following 90 days after the issuance date at noteholders option into shares of our common stock at a variable conversion price of 90% of the average five day market price of our common stock during the 5 trading days prior to the notice of conversion, subject to adjustment as described in the note. The holder's ability to convert the note, however, is limited in that it will not be permitted to convert any portion of the note if the number of shares of our common stock beneficially owned by the holder and its affiliates, together with the number of shares of our common stock issuable upon any full or partial conversion, would exceed 4.99% of the Company's outstanding shares of common stock.

The Company has determined the value associated with the beneficial conversion feature in connection with the notes negotiated on February 27, 2016 to be $14,049. The aggregate original issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of $6,120 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method

Unamortized debt discount	(7,929)	-
Total, net of unamortized discount	12,071	-

On August 11, 2016, the Company entered into a convertible promissory note pursuant to which it borrowed $15,000. Interest under the convertible promissory note is 9% per annum, and the principal and all accrued but unpaid interest is due on August 11, 2018. The note is convertible into shares of our common stock at a variable conversion price of 90% of the average market price of our common stock during the 5 trading days prior to the notice of conversion, subject to adjustment as described in the note.	15,000	-

The Company has determined the value associated with the beneficial conversion feature in connection with the notes negotiated on August 11, 2016 to be $14,728. The aggregate original issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of $2,865 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method

Unamortized debt discount	(11,863)	-
Total, net of unamortized discount	3,137	-
	53,404	-

On August 31, 2016, the Company entered into a convertible promissory note pursuant to which it settled $50,000 in convertible notes and accrued interest of $3,404. Interest under the convertible promissory note is 10% per annum, and the principal and all accrued but unpaid interest is due on December 31, 2016. The note is convertible into 5,340,283 shares of the Company's common stock at a price of $0.01 per share and 2,670,142 warrants exercisable at $0.02 per share.

The Company has determined the value associated with the beneficial conversion feature in connection with the notes negotiated on August 31, 2016 to be $32,121. The aggregate original issue discount feature has been accreted and charged to interest expenses as a

financing expense in the amount of $32,121 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method		
Unamortized debt discount	-	-
Total, net of unamortized discount	53,404	-
	$1,329,163	$1,205,576

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

9. CONVERTIBLE NOTES PAYABLE RELATED PARTY

Convertible Notes Payable Related Party at consists of the following:	December 31, 2016	December 31, 2015
On December 31, 2011, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, the notes dated before December 31, 2010, and all salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.04 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.06 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes negotiated on December 31, 2011 to be $1,123,078. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $166,969 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method. In the year ending December 2013, the Company made $51,485 in cash payments to reduce the note balance. The Company settled $89,340 of the outstanding balance through the issuance of a new note on October 19, 2016	982,253	1,071,593

On October 20, 2016, the Company re-negotiated $982,253 of the unsecured notes payable. Under the modified terms the $982,253 face value notes maturity date was extended until December 31, 2019 and adjusted to the current market prices. At the investor's option until the repayment date, the note can be converted to shares of the Company's common stock at a fixed price of $0.01 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.02 per share for three years after the conversion date. In accordance with ASC 470, the Company has determined the value associated with the beneficial conversion feature in connection with the re-negotiated notes on October 20, 2016 to be $982,253. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $60,602 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.

Unamortized debt discount	(921,651)	(166,969)
On June 30, 2012, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, the notes dated before July 1, 2011, and all salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.04 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.06 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $209,809. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $41,692 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method. On January 18, 2013, the Company made a $3,990 cash payment to reduce the note balance. The Company settled $21,716 of the outstanding balance through the issuance of a new note on October 19, 2016	299,316	321,032
Unamortized debt discount	(20,618)	(62,310)
On December 30 and 31, 2012, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, $182,083 of related party notes accrued interest and salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The $182,083 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.03 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.04 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $182,083. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $36,497 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.	182,083	182,083
Unamortized debt discount	(36,384)	(72,881)
On June 30, 2013, the Company re-negotiated accrued salaries and interest for two employees. Under the terms of the agreements, $106,153 of accrued interest and salaries were converted to promissory notes convertible into common stock with a warrant feature. The $106,153 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.03 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.04 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $70,768. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $14,185 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.	106,152	106,152
Unamortized debt discount	(21,160)	(35,345)
	142,501	142,501

On December 31, 2013, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, $142,501 of accrued interest and salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The $142,501 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.03 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.04 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $94,909. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $19,022 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.		
Unamortized debt discount	(37,944)	(56,966)
On June 30, 2014, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, $118,126 of accrued salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The $118,126 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.025 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.03 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $118,126. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $23,676 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.	118,126	118,126
Unamortized debt discount	(58,934)	(82,610)
On September 30, 2014, the Company re-negotiated accrued salaries and interest for two employees. Under the terms of the agreements, $40,558 of accrued salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The $40,558 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.04 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.05 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $40,466. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $8,111 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.	40,558	40,558
Unamortized debt discount	(22,227)	(30,338)
	65,295	65,295
On December 31, 2014, the Company re-negotiated accrued salaries and interest for two employees. Under the terms of the agreements, $65,295 of accrued salaries not previously converted were converted to promissory notes convertible into common stock with a		

warrant feature. The $65,295 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.04 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.05 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $57,439. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $11,514 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.		
Unamortized debt discount	(34,443)	(45,957)
On December 31, 2015, the Company re-negotiated accrued salaries and interest for three employees and a director. Under the terms of the agreements, $343,687 of accrued salaries and director fees not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The $343,687 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.02 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.02 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $341,703. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $68,455 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.	343,687	343,687
Unamortized debt discount	(273,248)	(341,703)
On March 30, 2016, the Company re-negotiated accrued directors fees of 3,600. Under the terms of the agreements, $3,600 of accrued director fees not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The $3,600 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.02 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.02 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $864. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $165 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.	3,600	-
Unamortized debt discount	(709)	-
On April 30, 2016, the Company re-negotiated accrued salaries and interest for an employee. Under the terms of the agreements, $33,333 of accrued salaries were converted to promissory notes convertible into common stock with a warrant feature. The $33,333 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.02 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.02 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be	33,333	-

$8,401. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $993 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.		
Unamortized debt discount	(7,408)	-
On June 30, 2016, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, $192,417 of accrued salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The $192,417 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.02 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.02 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $28,365. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $2,858 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.	192,417	-
Unamortized debt discount	(25,507)	-
On July 8, 2016, the Company re-negotiated accrued salaries and interest for one employee. Under the terms of the agreement, $2,000 of accrued salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The $2,000 face value promissory notes are unsecured, due on December 31, 2021, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.01 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.02 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $1,012. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $89 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.	2000	-
Unamortized debt discount	(923)	-
On September 30, 2016, the Company re-negotiated accrued directors fees of 3,600. Under the terms of the agreements, $3,600 of accrued director fees not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The $3,600 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.01 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.02 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $2,080. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $105 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.	3,600	-

Unamortized debt discount	(1,975)	-
On October 19, 2016, the Company re-negotiated two notes with an employee of the Company. Under the terms of the agreements, $111,056 of convertible promissory notes due on December 31, 2016 and June 30, 2017 were converted to promissory notes convertible into common stock with a warrant feature. The $111,056 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.01 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.02 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $42,924. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $1,716 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.	111,056	-
Unamortized debt discount	(41,208)	-
On December 30, 2016, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, $186,375 of accrued salaries not previously converted were converted to promissory notes convertible into common stock with a warrant feature. The $186,375 face value promissory notes are unsecured, due five years from issuance, and bear an interest rate of 10%. At the investor's option until the repayment date, the note may be converted to shares of the Company's common stock at a fixed price of $0.01 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of $0.02 per share for three years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the notes to be $186,375. The aggregate beneficial conversion feature has been accreted and charged to interest expenses as a financing expense in the amount of $102 during the year ended December 31, 2016. The beneficial conversion feature is valued under the intrinsic value method.	186,375	-
Unamortized debt discount	(186,273)	-
	$1,121,740	$1,495,948

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10. STOCKHOLDERS' DEFICIT

The Company is authorized to issue 200,000,000 shares of $0.001 par value common stock. The Company had 123,835,319 and 115,701,969 issued and outstanding shares of common stock as of December 31, 2016 and December 31, 2015, respectively.

On November 29, 2016, 1,000,000 shares of the Company's common stock were authorized to be issued per a conversion agreement to settle $10,000 in outstanding convertible debt. As of the date December 31, 2016 the shares had not been issued and are reflected as shares payable on the Company's balance sheet at year end.

On October 31, 2016, 3,333,350 shares of the Company's common stock and 1,666,675 warrants exercisable at $0.025 were issued for a cash investment of $50,000.

On October 21, 2016, 1,000,000 shares of the Company's common stock were issued to two consultants for services. The shares were fair valued at $6,150 or $0.123 per share.

On September 13, 2016, 2,500,000 shares of the Company's common stock and 1,000,000 warrants exercisable at $0.02 were issued for a cash investment of $25,000.

On January 27, 2016, the Company entered into a promissory note and pursuant to its terms the Company issued the holder 100,000 shares of its common stock valued at $0.02 per share. The shares were fair valued at $2,000 or $0.02 per share.

On January 27, 2016, the Company entered into a promissory note and pursuant to its terms the Company issued the holder 200,000 shares of its common stock valued at $0.02 per share. The shares were fair valued at $4,980 or $0.0249 per share.

On February 1, 2016, the Company entered into a promissory note and pursuant to its terms the Company issued the holder 400,000 shares of its common stock valued at $0.02 per share. The shares were fair valued at $9,960 or $0.0249 per share.

On February 1, 2016, the Company entered into a promissory note and pursuant to its terms the Company issued the holder 250,000 shares of its common stock valued at $0.02 per share. The shares were fair valued at $6,225 or $0.0249 per share.

On February 2, 2016, the Company issued of 400,000 shares of the Company's common stock to five consultants for services related to the Company's financing. The shares were fair valued at $9,960 or $0.0249 per share.

11. COMMITMENTS AND CONTINGENCIES

<u>Lease obligations</u> – The Company has operating leases for its offices. Future minimum lease payments under the operating leases for the facilities as of December 31, 2016, are as follows:

2017 - L1,684

2018 - I0,790

Rental expense, resulting from operating lease agreements, approximated $43,245 and $43,478 for the years ended December 31, 2016 and 2015, respectively.

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On April 1, 2016, the Company licensed to Kintari Int. Inc. the following: the exclusive rights to its existing line of cosmeceutical products; the exclusive rights to any future cosmeceutical products developed by the Company; the right-of-first-refusal on its existing OTC products; and the right-of-first-refusal to any future OTC products developed by the Company. In exchange, the Company acquired 8,000,000 shares of Kintari Int. Inc.'s common stock. Kintari Int. Inc. is the Company's wholly owned subsidiary. The material terms of the license with Skinvisible are as follows:

- Kintari acquired the right to appoint sub-licensees provided that Skinvisible approves in advance.

- If Skinvisible desires to sell an OTC product, it must first notify Kintari. If Kintari desires to exercise the right-of-first-refusal on that OTC product, Kintari must launch the product within 6 months or lose it to Skinvisible.

- Kintari agreed to purchase the existing product inventory, raw ingredients, packaging materials plus all Kintari marketing materials for a total of $87,720.14. Kintari has not yet paid this amount and the parties are waiting for fundraising in connection with an offering to do so.

- Skinvisible agreed to sell its polymers to Kintari and Kintari will manufacture the products using those polymers.

- Kintari may use any of Skinvisible's existing trademarks.

- Kintari agreed to pay to Skinvisible an on-going royalty of 5% on revenue generated from the products.

- Kintari agreed to pay to Skinvisible a minimum annual royalty equal to $50,000 for the first year after launch, $100,000 for the second year after launch and $150,000 for the third year after launch and each subsequent year for the term of the agreement.

- Kintari agreed to pay to Skinvisible a royalty of 25% of any non-royalty payments received by Kintari from sub-licensees, including fees received in consideration for sublicensing the products.

- The agreement may be terminated by, among other things, a mutual consent of the parties or a breach and failure to cure by one of the parties.

Kintari USA Inc. commenced business in January 2015 in the U.S. and Kintari Canada Inc. in September 2016. Kintari Int. Inc. is the parent company to Kintari USA Inc. and Kintari Canada Inc. These companies will be used as operating entities to market and sell the products. Kintari Int. Inc. will need to raise capital of at least $2 million to assist with its development and payments to the Company.

12. INCOME TAXES

The Company provides for income taxes under FASB ASC 740, Accounting for Income Taxes. FASB ASC 740 requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect currently.

FASB ASC 740 requires the reduction of deferred tax assets by a valuation allowance, if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In the Company's opinion, it is uncertain whether they will generate sufficient taxable income in the future to fully utilize the net deferred tax asset. Accordingly, a valuation allowance equal to the deferred tax asset has been recorded. The total deferred tax asset is $4,584,118 which is calculated by multiplying a 34.5% estimated tax rate by the cumulative net operating loss (NOL) adjusted for the following items:

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The components of the Company's deferred tax asset as of December 31, 2016 and 2015 are as follows:

For the period ended December 31,	2016	2015
Book loss for the year	$(2,050,847)	$(1,990,211)
Adjustments:		
Book to tax depreciation expense	14,669	14,817
Prior period adjustment	—	442
Non-deductible portion of travel and entertainment	1,584	5,137
Non-deductible amortization of debt discount	648,139	412,006
Non-deductible portion of stock compensation	145,746	13,800
Non-deductible accrued salaries and wages	368,323	328,931
Non-deductible penalties		
Tax loss for the year	(872,386)	(1,215,078)
Estimated effective tax rate	34.5%	34.5%
Deferred tax asset	$(300,973)	$(419,202)

As of December 31,	2016	2015
Deferred tax asset	$4,584,118	$ 4,283,145
Valuation allowance	(4,584,118)	(4,283,145)
Current taxes payable	-	-
Income tax expense	$ -	$ -

Below is a chart showing the total estimated corporate federal net operating loss (NOL) and the year in which it will expire.

Year	Amount	Expiration
2016	$872,386	2036
2015	$1,215,078	2035
2014	$1,300,779	2034
2013	$830,584	2033
2012	$581,538	2032
2011	$197,306	2026
2010	$617,306	2025
2009	$1,153,315	2024

2008	$1,131,018	2023
2007	$907,491	2022
2006	$1,191,128	2021
2005	$763,406	2020
2004	$2,525,963	2019
Total	$13,287,298	

The Company will file its U.S. federal return for the year ended December 31, 2016 upon the issuance of this filing. The tax years 2012-2015 remained open to examination for federal income tax purposes by the major tax jurisdictions to which the Company is subject. No tax returns are currently under examination by any tax authorities.

13. SUBSEQUENT EVENTS

On March 2, 2017, the Company granted stock options for 200,000 options to purchase shares of its common stock to a consultant. The options have a strike price of $0.03. The stock options were exercisable upon grant and have a life of 5 years.

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Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

On September 13, 2016, Seale & Beers, CPAs, (the "Former Accountant") informed us that the Former Accountant was in the process of being acquired by AMC Auditing, LLC. As a result of the acquisition, on November 7, 2016, the Former Accountant resigned as our independent registered public accounting firm and we engaged AMC Auditing, LLC (the "New Accountant") as our independent registered public accounting firm. The engagement of the New Accountant was approved by our Board of Directors.

We filed a Form 8-K on November 8, 2016 with the Securities and Exchange Commission regarding the change in independent accounting firm.

Item 9A. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, we have carried out an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this annual report, being December 31, 2016. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our company's reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Based upon that evaluation, including our Chief Executive Officer and Chief Financial Officer, we have concluded that our disclosure controls and procedures were ineffective as of the end of the period covered by this annual report.

Management's Annual Report on Internal Control over Financing Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2016 based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this assessment, management concluded that, as of December 31, 2016, our internal control over financial reporting was not effective. Our management identified the following material weaknesses in our internal control over financial reporting, which are indicative of many small companies with small staff: (i) inadequate segregation of duties and effective risk assessment; and (ii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both US GAAP and SEC guidelines.

We plan to take steps to enhance and improve the design of our internal control over financial reporting. During the period covered by this annual report on Form 10-K, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we hope to implement the following changes during our fiscal year ending December 31, 2017 1: (i) appoint additional qualified personnel to address inadequate segregation of duties and ineffective risk management; and (ii) adopt sufficient written policies and procedures for accounting and financial reporting. The remediation efforts set out in (i) and (ii) are largely dependent upon our securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected in a material manner.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our registered public accounting firm pursuant to an exemption for non-accelerated filers set forth in Section 989G of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

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Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following information sets forth the names, ages, and positions of our current directors and executive officers as of December 31, 2016.

Name	Age	Position(s) and Office(s) Held
Terry Howlett	69	Chief Executive Officer, Chief Financial Officer, & Director
Greg McCartney	65	Director

Set forth below is a brief description of the background and business experience of each of our current executive officers and directors.

Mr. Terry H. Howlett, has been our Chief Executive Officer and Director since March 5, 1998. Mr. Howlett has a diversified background in market initialization and development, sales and venture capital financing for emerging growth companies. He has held senior management, marketing and sales positions with various companies, including the Canadian Federation of Independent Business, Family Life Insurance, and Avacare of Canada and founded Presley Laboratories, Inc., which marketed cosmetic and skin, care products on a direct sales basis. For the ten years prior to becoming President of the Company, Mr. Howlett was the President and CEO of Voice-it Solutions, Inc., a publicly traded company on the Vancouver Stock exchange that made voice response software for order entry systems.

Mr. Greg McCartney has been a member of our board of directors since January 10, 2005. Mr. McCartney is Managing Director of Taylor, Butterfield & Worth Asset Management Corporation, a management consulting services firm assisting clients in becoming fully reporting public companies. Previously Mr. McCartney was the Chairman of the Board for Genesis Bioventures (formerly BioLabs) and also formerly served as their CEO. Mr. McCartney has over 20 years' experience serving as officer and director of both private and public companies in various manufacturing and technology industries. Prior to founding BioLabs in 1997, Mr. McCartney was the founder and director of Aspenwood Holdings Corporation, a business consulting firm specializing in financing, public relations and venture capital in the technology and manufacturing industries. From 1986 to 1995 he was the President of an emerging high technology company and also served as officer and director of other companies. Previously, he was involved with international real estate and land development.

Directors

Our bylaws authorize no less than one (1) and more than twelve (12) directors. We currently have two directors.

Term of Office

Our Directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

Significant Employees

Ms. Doreen McMorran, is head of Business Development. Ms. McMorran brings to the Company almost 20 years of experience in the medical and pharmaceutical industry, specifically in the areas of strategic planning, sales and marketing. She has spent the last seven years selling to international dermatology and skincare focused companies like Procter and Gamble, Johnson & Johnson, Stiefel, Galderma, Novartis and Graceway, to name a few. Ms. McMorran, who holds a Bachelor of Commerce (Honors) degree, spent six years in the pharmaceutical industry with Astra Pharma. Additionally she has held senior management level positions with a number of healthcare companies, focusing on business development, sales, marketing and operations.

***Dr. James A. Roszell, Ph.D*,** is a doctoral chemist with over 35 years' experience in product formulation, experimental design, analysis, and method validation. Since joining Skinvisible in 1998, he has been responsible for research and development of our patented technology, related polymer delivery vehicles, product formulations and compositions. Dr. Roszell is a joint contributor to Skinvisible's first Patent Number 6.756.059 and responsible for all of our patents in the US and internationally. Prior to joining Skinvisible, he worked as a chemist for Supertech Products, Inc. in Florida where his responsibilities included ensuring compliance with OSHA, EPA and other standards and regulations, maintenance of quality control, research and development for new products. Dr. Roszell's background includes work in chemical, pharmaceutical, environmental and clinical laboratory arenas. His chemical and scientific expertise makes a significant contribution to our business.

Family Relationships

There are no family relationships between or among the directors, executive officers or persons nominated or chosen by us to become directors or executive officers.

Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past ten years, none of the following occurred with respect to a present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Audit Committee

We do not have a separately-designated standing audit committee. The entire board of directors performs the functions of an audit committee, but no written charter governs the actions of the board of directors when performing the functions of that would generally be performed by an audit committee. The board of directors approves the selection of our independent accountants and meets and interacts with the independent accountants to discuss issues related to financial reporting. In addition, the board of directors reviews the scope and results of the audit with the independent accountants, reviews with management and the independent accountants our annual operating results, considers the adequacy of our internal accounting procedures and considers other auditing and accounting matters including fees to be paid to the independent auditor and the performance of the independent auditor.

We do not have an audit committee financial expert because of the size of our company and our board of directors at this time. We believe that we do not require an audit committee financial expert at this time because we retain outside consultants who possess these attributes as needed.

For the fiscal year ending December 31, 2016, the board of directors:

1. Reviewed and discussed the audited financial statements with management, and
2. Reviewed and discussed the written disclosures and the letter from our independent auditors on the matters relating to the auditor’s independence.

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Based upon the board of directors' review and discussion of the matters above, the board of directors authorized inclusion of the audited financial statements for the year ended December 31, 2016 to be included in this Annual Report on Form 10-K and filed with the Securities and Exchange Commission.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who beneficially own more than ten percent of a registered class of the Company's equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent beneficial shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To the best of our knowledge based solely on a review of Forms 3, 4, and 5 (and any amendments thereof) received by us during or with respect to the year ended December 31, 2015, the following persons have failed to file, on a timely basis, the identified reports required by Section 16(a) of the Exchange Act during fiscal year ended December 31, 2016:

Name and principal position	Number of late reports	Transactions not timely reported	Known failures to file a required form
Terry Howlett CEO, CFO & Director	1	8	0
Greg McCartney Director	0	6	0
Lutz Family Trust	0	0	0
Doreen McMorran	0	11	0

Code of Ethics

We adopted a Code of Ethics for Financial Executives, which include our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Code of Ethics was filed as an exhibit to the annual report on Form 10KSB for the fiscal year ended December 31, 2004 and filed with the SEC on April 14, 2005.

Item 11. Executive Compensation

Compensation Discussion and Analysis

Currently, the objective of the cash compensation paid by the company is to provide fair reimbursement for the time spent by our executive officer and independent directors to the extent feasible within the financial constraints faced by our developing business. The stock options granted to our executive officer and to our independent directors are intended to provide these individuals with incentives to pursue the growth and development of the company's operations and business opportunities. Although the options awarded to our executive and directors are typically exercisable immediately, they also remain valid and exercisable for terms of several years. We believe this provides the proper balance of short-term and long-term incentives to increase the value of the company. Although an immediate increase in share price following the issuance of the options would obviously result in a profit if those options were exercised, the longer exercisable period of the options also provides an incentive to increase value over the long term and gives our executive officer and directors the opportunity to realize gains based on the sustained growth of our operations and revenues.

In addition, our sole executive officer holds substantial ownership in the company and is generally motivated by a strong entrepreneurial interest in expanding our operations and revenue base to the best of his ability.

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Summary Compensation Table

The table below summarizes all compensation awarded to, earned by, or paid to our former or current executive officers for the fiscal years ended December 31, 2016 and 2015.

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Terry Howlett	2016	200,000	___	-	40,623	-	-	-	____[1]
CEO & CFO	2015	180,000	2,392	-	-	-	-	-	182,392[2]

(1) Due to financial constraints, however, the total paid to Mr. Howlett during the fiscal year ended December 31, 2016 was $2,740.

(2) Due to financial constraints, however, the total paid to Mr. Howlett during the fiscal year ended December 31, 2015 was $20,179.

Narrative Disclosure to the Summary Compensation Table

We granted Terry Howlett the right to convert his accrued compensation of $177,213 as of December 31, 2015 into our common stock at $0.02 per share at any time until December 31, 2020. If exercised, we also agreed to issue a three year warrant to Mr. Howlett to purchase an aggregate amount of 4,430,325 shares of common shares at a strike price of $0.02 per share.

We granted Mr. Howlett the right to convert his accrued compensation of $197,260 as of December 31, 2016 into our common stock at prices ranging from $0.01 to $0.02 per share at any time until 2021. If exercised, we also agreed to issue a three year warrant to Mr. Howlett to purchase an aggregate amount of 7,401,000 shares of common shares at a strike price of $0.02 per share.

Outstanding Equity Awards at Fiscal Year-End

The table below summarizes all unexercised options, stock that has not vested, and equity incentive plan awards for each named executive officer as of December 31, 2016.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	OPTION AWARDS					STOCK AWARDS			
Name	Number of Securities Underlying Unexercised Options (#)Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)[(1)]	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#)
Terry Howlett	1,000,000	-	-	0.04	10/19/2018(5)	-	-	-	-
	400,000	-	-	0.04	1/30/2018(2)	-	-	-	-
	200,000	-	-	0.04	1/3/2016(3)	-	-	-	-
	1,000,000	-	-	0.04	1/20/2019(4)	-	-	-	-
	1,000,000	-	-	0.05	12/7/2019(6)	-	-	-	-
	1,000,000	-	-	0.06	11/14/2015				-
	1,700,000	-	-	0.02	2/10/2021	-	-	-	-

(1) On April 21, 2009, we modified the exercise price on all of our outstanding options issued prior to March 31, 2009 to $0.04 per share, which included all options issued to Mr. Howlett aside from the option issued on December 7, 2009 of 1,000,000 shares at $0.08 per share and the option issued on November 15, 2010 at $0.06 per share. On October 17, 2014, we modified the exercise price to $0.05 per share on the option issued on December 7, 2009 of 1,000,000 shares. Aside from this modification, during the last fiscal year there was not any outstanding option re-priced or otherwise modified. There was no tandem feature, reload feature, or tax-reimbursement feature associated with any of the stock options we granted to our executive officers or otherwise.

(2) On January 3, 2013, our Board of Directors approved to extend the expiration date 5 years.

(3) On January 10, 2010, our Board of Directors approved to extend the expiration date 5 years.

(4) On January 19, 2014, our Board of Directors approved to extend the expiration date 5 years.

(5) On January 19, 2014, our Board of Directors approved to extend the expiration date 5 years

(6) On October 17, 2014, our Board of Directors approved to extend the expiration date 5 years

Director Compensation

The table below summarizes all compensation of our directors as of December 31, 2016.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Greg McCartney		14,400	10,753				25,153

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Narrative Disclosure to the Director Compensation Table

All the fees earned or paid in cash and stock options awards granted to Terry Howlett were earned in connection with his service as an executive officer. Mr. Howlett received no compensation for his service as a member of our board of directors.

We pay our independent directors a monthly fee of $1,200.

We granted Greg McCartney the right to convert his accrued director compensation of $14,400 as of December 31, 2016 into our common stock at $0.01 per share at any time until December 31, 2021. If exercised, we also agreed to issue a three year warrant to Mr. McCartney to purchase an aggregate amount of 540,000 shares of common shares at a strike price of $0.02 per share.

We granted Mr. McCartney a three year option to purchase 450,000 shares at an exercise price of $0.02 per share.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of March 31, 2017, the beneficial ownership of our common stock by each executive officer and director, by each person known by us to beneficially own more than 5% of the our common stock and by the executive officers and directors as a group.

Title of class	**Name and address of beneficial owner** [1]	**Amount of beneficial ownership**[2]	**Percent of class**[3]
Executive Officers & Directors:			
Common	Terry Howlett[4]	141,374,180 shares	55%
Common	Greg McCartney[5]	5,098,500 shares	4%
Total of All Directors and Executive Officers:		**70,448,950 shares**	**39%**
More Than 5% Beneficial Owners:			
Lutz Family Trust[6] 8322 West Tonto Lane, Peoria, AZ 85382		10,998,300 shares	9%
Doreen McMorran[7]		146,692,447 shares	55%

(1) Except as otherwise indicated, the address of each person named in this table is c/o Skinvisible, Inc., 6320 South Sandhill Road, Suite 10, Las Vegas, Nevada 89120.

(2) As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security). In addition, for purposes of this table, a person is deemed, as of any date, to have "beneficial ownership" of any security that such person has the right to acquire within 60 days after such date.

(3) Except as otherwise indicated, all shares are owned directly and the percentage shown is based on 123,935,319 shares of common stock issued and outstanding on March 31, 2017.

(4) Includes 7,723,248 shares held in his name as indicated on our shareholder list, and 133,650,932 shares of common stock held in derivative securities as stated in the reporting person’s Form 4 filed with the Securities and Exchange Commission on March 28, 2017.

(5) Includes 998,500 shares held in his name as indicated on our shareholder list, and 4,100,000 shares of common stock held in derivative securities as stated in the reporting person’s Form 4 filed with the Securities and Exchange Commission on March 28, 2017.

(6) As stated in the reporting person's Form 4 filed with the Securities and Exchange Commission on January 25, 2010.

(7) Includes 1,800,000 shares held in her name as indicated on our shareholder list, and 144,892,447 shares of common stock held in derivative securities as stated in the reporting person's Form 4 filed with the Securities and Exchange Commission on March 28, 2017.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Aside from that which follows and in "Executive Compensation," none of our directors or executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction for the last two fiscal years or in any presently proposed transaction which, in either case, has or will materially affect us.

On October 20, 2016, we extended and revised a 2011 promissory note in favor of Mr. Howlett in the principal amount of $415,657. The note came due December 31, 2016. In consideration for an extension until December 31, 2019, we revised the convertible price of the principal amount of the note from $0.04 to $0.01 per share and the warrant to purchase 20,782,800 shares of common stock went from an exercise price of $0.06 to $0,02 per share.

On October 20, 2016, we extended and revised a 2011 promissory note in favor of Doreen McMorran in the principal amount of $58,437. The note came due December 31, 2016. In consideration for an extension until December 31, 2019, we revised the convertible price of the principal amount of the note from $0.04 to $0.01 per share and the warrant to purchase 2,921,800 shares of common stock went from an exercise price of $0.06 to $0,02 per share. Also on October 20, 2016, we extended and revised a 2011 promissory note in favor of Ms. McMorran in the principal amount of $179,677. The note came due December 31, 2016. In consideration for an extension until December 31, 2019, we revised the convertible price of the principal amount of the note from $0.04 to $0.01 per share and the warrant to purchase 8,983,000 shares of common stock went from an exercise price of $0.06 to $0,02 per share. Also on October 20, 2016, we extended and revised a 2011 promissory note in favor of Ms. McMorran in the principal amount of 328,481. The note came due December 31, 2016. In consideration for an extension until December 31, 2019, we revised the convertible price of the principal amount of the note from $0.04 to $0.01 per share and the warrant to purchase 16,424,000 shares of common stock went from an exercise price of $0.06 to $0,02 per share.

We granted Ms. McMorran the right to convert her accrued compensation of $152,318 as of December 31, 2016 into our common stock at prices ranging from $0.01 to $0.02 per share at any time until 2021. If exercised, we also agreed to issue a three year warrant to Ms. McMorran to purchase an aggregate amount of 5,644,159 shares of common shares at a strike price of $0.02 per share.

We granted Ms. McMorran the right to convert her accrued compensation of $162,469 as of December 31, 2015 into our common stock at prices ranging from $0.02 to $0.04 per share at any time until 2020. If exercised, we also agreed to issue a three year warrant to Ms. McMorran to purchase an aggregate amount of 3,671,693 shares of common shares at a strike prices ranging from $0,05 to $0.02 per share.

During the year ended 2016, Terry Howlett and Doreen McMorran advanced $59,700 to support the daily operations of the company. The advance is due on demand and bears no interest. $5,269 in advances were repaid during the year ending December 31, 2016.

On October 8, 2016, we entered into a 10% unsecured note payable to Doreen McMorran and received total proceeds of $5,070. The note is due on December 31, 2016. $4,000 of principal was repaid during the year ending December 31, 2016.

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On October 11, 2016, we entered into a 10% unsecured note payable to Doreen McMorran and received total proceeds of $5,000. The note is due on December 31, 2016.

Item 14. Principal Accounting Fees and Services

Below is the table of Audit Fees (amounts in US$) billed by our auditor in connection with the audit of the Company's annual financial statements for the years ended:

Financial Statements for the Year Ended December 31	Audit Services	Audit Related Fees	Tax Fees	Other Fees
2016	$33,960	$0	$0	$0
2015	$26,000	$0	$0	$0

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PART IV

Item 15. Exhibits, Financial Statements Schedules

(a) Financial Statements and Schedules

The following financial statements and schedules listed below are included in this Form 10-K.

Financial Statements (See Item 8)

(b) Exhibits

Exhibit Number	Description
3.1	Articles of Incorporation, as amended [1]
3.2	Bylaws, as amended [1]
3.3	Certificate of Amendment to The Company's Articles of Incorporation [2]
10.1	Promissory Note, dated December 17, 2015
10.2	Promissory Note, dated October 8, 2015
14.1	Code of Ethics [3]
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

1 Incorporated by reference to the Registration Statement on Form 10SB12G filed on April; 30, 1999.

2 Incorporated by reference to the Report on Form 8-K filed on September 12, 2008.

3 Incorporated by reference to Current report on Form 10-KSB filed with the Securities and Exchange Commission on April 14, 2005.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Skinvisible, Inc.

By: /s/ Terry Howlett
Terry Howlett

President, Chief Executive Officer, Principal Executive Officer,

Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Director

April 17, 2017

Pursuant to the requirements of 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.

By: /s/ Terry Howlett
Terry Howlett
President, Chief Executive Officer, Principal Executive Officer,

Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Director
April 17, 2017