

SKINVISIBLE INC
Form 10-K
April 15, 2011

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

FORM 10-K

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

For the fiscal year ended December 31, 2010

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

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

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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 past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant 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 (§ 229.405 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 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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

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. \$4,949,439

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 101,051,759 as of March 24, 2011.

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PART I

Item 1. Business

Company Overview

We develop innovative polymer delivery vehicles and related compositions that hold active ingredients on the skin for extended periods of time when applied topically. We designed a process for combining water soluble and insoluble polymers that is specifically formulated to carry water insoluble and certain cationic active ingredients in water-based products without the use of alcohol, silicones, waxes, or other organic solvents. This enables active agents the ability to perform their intended functions for an extended period of time. Our polymer delivery vehicles, trademarked Invisicare®, allow normal skin respiration and perspiration. The polymer compositions we develop wear off as part of the natural exfoliation process of the skin's outer layer cells.

We believe Invisicare® offers the following benefits:

- § Displays superior skin adherence for extended time periods
- § Non-occlusive yet resists water wash-off, respiration and perspiration
 - § Increased efficacy of active ingredients
- § Allows for lower use levels of actives with increased persistence of effect
 - § Offers advantage of controlled and/or sustained time-release
 - § Highly compatible with a variety of actives and bases
 - § Easy to emulsify
 - § Formulates well at a cream, lotion, or spray viscosity
- § Non-irritating emulsion dries quickly with no greasy after-feel
- § Non-occlusive film forms protective barrier against environmental irritants
 - § Broad polymer selection to meet application requirements
- § Offers “Life Cycle” management to core products with potential for new patent
 - § Simplified manufacturing process

Products that successfully incorporate Invisicare to date include antimicrobial hand sanitizer lotions, suncare products, skincare moisturizers, sunless tanning products as well as various dermatology and medical products for various skin disorders and other disorders that require a topically delivered product. On an ongoing basis, we are seeking to develop polymer formulations that can successfully be incorporated into other products.

Our primary objective is to license Invisicare to established brand manufacturers and marketers of prescription and over-the-counter products in the dermatological, medical, cosmetic, and skincare markets. With the exception of sales to one vendor, our management's policy is to only sell Invisicare to vendors that have executed a license agreement with us. We conduct our research and development in-house. We engage an outside party that currently handles all of our manufacturing and distribution needs.

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Our Business

Our core business is the research and development of products formulated with our patented technology Invisicare. Our continued focus is on the licensing of these products and developing new Invisicare technologies. Our focus has allowed us to expand our reputation amongst key dermatology, consumer goods and medical/surgical companies around the globe. It has also allowed us to branch out beyond dermatology into other medical areas that require topically delivered products.

Our Products

We intend to expand our product offerings. Currently we have over 30 topical products formulated with Invisicare available for licensing. Our products range from acne formations to sunscreens to surgical products.

ACNE:

- Adapalene Cream & Gel (.1%, .3%)*
- Clindamycin Hydrochloride Cream (1%)*
- Retinoic Acid Cream & Gel (0.1%)*
 - Salicylic Acid Cream (2%)
- Benzoyl Peroxide Cream (2.5% TBD)

- Delivered with a sustained release which also allows for more or less active to be released over a longer period of time;
 - Reduced skin irritation from most actives;
 - Superior adherence; stays on the skin and does not rub off.

ACTINIC KERATOSIS:

- Imiquimod Lotion (2%, 3%)*

- Delivered with a controlled release which also allows for more or less active to be released (8% to 80%) than the branded product (10%) and over a longer period of time;
 - Binds to the skin resisting rub off.

ANTI-INFLAMMATORIES / ANALGESICS / ANTIPRURITICS:

- Hydrocortisone Cream (.5%, 1%)
- Triamcinolone / Acetonide (1%)*
- Clobetasole Propionate (0.05%)*
 - Betamethasone (1%)*
 - Pramoxine Cream (1%)
- Pramoxine (1.1%) and Hydrocortisone (2.3%)
- Menthol Spray / Roll-on / Cream (6%, 8%)
 - Ibuprofen Cream (5%, 10%)

- Formulations enhanced with Invisicare have the advantage of sustained release and adherence thereby delivering long-lasting results;
 - ie/ Release of Pramoxine is 3 times the branded product with 20% greater adherence.

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ANTI-FUNGALS:

- Terbinafine Cream & Gel (1%)
- Clotrimazole Cream (1%)
- Naftifine Cream (1%)*

- Formulated with sustained release to deliver efficacious results – ie/ Terbinafine cream can release over 4 times branded product;

- Superior adherence properties.

ANTIMICORBIAL HAND SANITIZERS / ANTISEPTICS:

- Triclosan Lotion (1%) & Nonoxynol-9 /Tomadol 901
- First Aid Antiseptic Triclosan (1%) & Allantoin (1%)
 - Benzalkonium Chloride Lotion (0.13%)
 - Chlorhexidine Gluconate Lotion (4%)
- Chlorhexidine Gluconate (2%) Pre-Surgical Prep

- Antimicrobials bind to the skin for 4 hours even with multiple hand washings;

- Anti-bacterial and anti-viral testing successfully completed on several formulations;

- Pre-op preparation delivers on-going protection even with irrigation;

No staining or odor with chlorhexidine formulations.

ATOPIC DERMATITIS / SUPER MOISTURIZERS:

- Non-Steroidal Atopic Dermatitis Cream Hyaluronic Acid (1%)
 - Skin Protectant Lotion with Allantoin (1%)
- Ectoin Anti-Aging (2%) / Super Moisturizer(1%)
 - Urea Moisturizer (25% & 30%*)

- Skinvisible's creams and lotions hold on the skin while resisting wash-off and rub-off;

- Invisicare polymers provide enhanced skin barrier function while still allowing the skin to breathe normally;

- Formulations have a smooth, silky feel with no residual oily feeling;

- Non-Steroidal Atopic Dermatitis Cream could be marketed with only a 510K in the United States and as a medical device in Canada. Some preliminary toxicity data is available.

UVA / UVB SUNSCREENS:

- Avobenzone (Parsol 1789) - SPF 15 / 30 / 50 Lotion
 - Tinosorb S – SPF 15 / 30 / 50 Lotion

- Photo-stability studies showed a minimum of 8 hours for both Invisicare sunscreen formulations;

- Sunscreens remain bound longer than popular brands even after perspiring and swimming ie/ Skinvisible's avobenzone SPF 30 remained 81% bound after 2 hours versus leading brands showing only 50% to 73%. Skinvisible's Tinosorb sunscreen remained 87% bound vs a leading brand with 64% bound.

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OTHER:

- Incontinence / Diaper Barrier Cream DPHP (1% Dipalmitoyl hydroxyproline)
- Skinvisible’s DPHP cream provides a protease inhibitor and a polymer delivery system that binds to the skin, creates a non-occlusive barrier, and that is resistant to wash off or rubbed off;
 - Invisicare polymers provide an excellent barrier function even on their own.
 - Skin Barrier Cream (WorkGluv)
- Studies show WorkGluv barrier function resists penetration of many noxious chemicals and can protect hands from irritant contact dermatitis.
 - Scar Lotion with Onion Bulb
 - Onion Bulb Extract diminishes the appearance of scars and lightens discoloration.
 - Fragrance – Long Lasting Gel
 - A scent incorporated with Invisicare provides a long lasting fragrance in a gel formulation.
 - Sunless Tanner – Long Lasting Lotions (2.5%, 5% & 9%)
- Skinvisible sunless tanners remain on the skin for 7 days versus 3 days for branded formulas along with a darker, more uniform tan with no orange color and an improved odor.
 - After Sun (Aloe) Cream
 - Skinvisible’s After Sun Cream delivers soothing aloe to help relieve sunburn.

*prescription

License Agreements

Set forth below are our current licensees, along with their developed products that contain our Invisicare product or our own products with Invisicare in the territories provided:

| Licensee | Product | Licensed Territories | Status of Current Territories Marketed |
|----------------------------|---|--|---|
| JD Nelson & Associates | Safe4Hours®, an antimicrobial hand sanitizer | US, Canada and Mexico | US and Canada |
| JD Nelson & Associates | first aid antiseptic skin protectant | US, Canada and Mexico | US |
| Panalab Internacional S.A. | acne prescription formulations with the active ingredient adapalene | Latin America | Completing regulatory approvals; expected to market Q3, 2011. |
| Embil Pharmaceuticals | prescription acne products (Clindamycin HCL and Retinoic Acid formulations) | Turkey parts of Asia (Indonesia, Malaysia, and the Philippines) and Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan, and Uzbekistan | Seeking regulatory approval; expected to market in Q4 of 2011 |
| RHEI Pharmaceuticals NV | first option to license the exclusive rights for Skinvisible’s | China, Hong Kong and Taiwan | Seeking regulatory approval |

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| dermatology products | | | |
|------------------------------------|--|--|--|
| RHEI Pharmaceuticals NV | DermSafe (RHEI has trademarked the product HandSafe™). | Commercial rights to Europe with option to China | Obtained approved in Belgium, EU marketing to begin |
| Mayquest Pharmaceuticals PTE. Ltd. | DermSafe | Singapore, Indonesia, the Philippines, Thailand and Malaysia | Received regulatory approval in Singapore to import and retail; seeking further approvals to sell commercially in Singapore and the balance of their territory |
| Alto Pharmaceuticals | DermSafe | Canada | Health Canada approval obtained for Commercial Use. Manufacturing has begun. Launch in Q2 of 2011. |
| Womens Choice Pharmaceuticals | ProCort® | United States | Launch in July 2011. |

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Recent Developments

Womens Choice Pharmaceuticals: In April 2010, we announced that we entered into a development agreement with Womens Choice Pharmaceuticals LLC, a specialty pharmaceutical company based in Arizona. Under this agreement we successfully developed a hemorrhoid cream using our technology Invisicare®. In December 2010, we further announced that the agreement progressed into a licensing agreement. Along with receiving a development fee, we will now receive a license fee in milestone payments along with on-going royalties.

RHEI Pharmaceuticals HK, Ltd.: On June 30, 2010, we entered into an exclusive license agreement (“Agreement 1”) with RHEI Pharmaceuticals HK, Ltd. (“RHEI”), a Hong Kong-based pharmaceutical company and a subsidiary of the Luxembourg-based Leeward Ventures SICAR SCA. Under the agreement, we granted to RHEI the exclusive rights to three of our formulations developed using the Invisicare polymer delivery system. The agreement specifies exclusivity for products in the institutional / healthcare market and includes an adult incontinence cream, skin barrier cream and super moisturizer. The agreement specifies upfront license fees for the territories of Europe and China and milestone payments based on approvals and launch dates for the United States. In addition, we will receive royalties on sales of the products. RHEI will be responsible for regulatory filings, manufacturing and commercialization of the products.

We have also entered into an exclusive licensing agreement (Agreement 2”) with RHEI on June 30, 2010 for the commercial/institutional rights for DermSafe® Hand Sanitizer for Europe and China. This agreement includes licensing fees payable in milestones based on regulatory approval in Europe and China, anticipated to occur within twelve months or less. RHEI will pay us a royalty on product sales and be responsible for seeking regulatory approval, manufacturing, and commercialization. We retain rights to DermSafe for the retail/consumer markets within Europe and China. This agreement also provides us with all data generated by RHEI to pursue regulatory approvals within the U.S. and internationally.

On October 12, 2010, we and RHEI amended the above agreements entered into on June 30, 2010. RHEI has chosen to focus on DermSafe® (RHEI has trademarked the product HandSafe™) as their priority product after having established a straightforward path to European approval added to an increased interest for an alcohol-free hand sanitizer in that territory. The amended agreements grant RHEI the exclusive right to distribute HandSafe™ within Europe for commercial use only subject to RHEI paying a license fee of five hundred thousand US dollars (US\$500,000). We agreed to apply the two hundred and fifty thousand US dollars (US \$250,000) license fee already paid by RHEI for Agreement 1 towards Agreement 2 for Europe and RHEI paid a further fifty thousand US dollars (US \$50,000) with the balance owing of two hundred thousand US dollars (US \$200,000) due upon RHEI making its first sale within the territory but no later than March 2011.

RHEI has received regulatory approval in Belgium and now they will submit HandSafe™ for approval through Europe’s Mutual Recognition Procedure (MRP), which utilizes the marketing authorization granted in Belgium (the Reference Member State).

Agreement 1, which includes an adult incontinence cream, barrier cream and super moisturizer, remains in place and will now require the license fees to be paid upon launch. Agreement 1 will become non-exclusive effective immediately for the term of the agreement. Should RHEI elect to pay the license fee prior to the expiration date of Agreement 1, the license fee will be due immediately and Agreement 1 will become exclusive for RHEI for that territory. While Agreement 1 remains non-exclusive, we have the right to enter into an exclusive agreement with another party other than RHEI for Europe, China or the US.

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These two new agreements with RHEI will pay us \$1.5 million in licensing fees if all milestones are met and no later than June 30, 2011. In addition we will receive royalties on their product sales plus revenue from the Invisicare polymer required to make the products. The below table shows the two agreements, the products licensed, the fees and amounts paid.

| | Product | Territory | License Fee | Amount Received | Amount Due |
|-------------|--|--------------------|-------------|-----------------|-------------------------------|
| Agreement 1 | Three Dermatology Products | Europe, China, USA | \$250,000 | \$500,000 | 6% \$750,000 |
| Agreement 2 | HandSafe - Chlorhexidine hand sanitizer lotion | Europe | | \$500,000 | 6% \$300,000 (Due March 2011) |
| | HandSafe - Chlorhexidine hand sanitizer lotion | China | | \$250,000 | 6% \$250,000 |
| TOTAL | | | | \$1,500,000 | |

Marketing Developments

JD Nelson and Associates LLC: In January 2010 our licensee, JD Nelson announced they had entered into a distribution agreement with Walgreens for their new product, Safe4Hours® First Aid Antiseptic Skin Protectant. This new product uses our patented Invisicare® technology and was launched in 7,000 Walgreens stores on January 15, 2010 and later into the Meijer Drug Store Chain. The product, available in a one ounce size, promotes healing of minor cuts, scrapes and burns as well as preventing the spread of bacteria including the super bug MRSA, a real health issue in hospitals, schools and for participants in sports. The product also protects and helps relieve chafed, chapped or cracked skin (dermatitis) as well as prevents and protects from the drying effects of wind and cold weather.

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Patent Developments

We intend to continually generate new patents (intellectual property) on our Invisicare technology as well as on the dermatology and medical products we have formulated. Our patent protection continued to increase in 2010 with the issuance of three new patents. In March, we received a comprehensive patent for our Invisicare® technology for South Korea. Twenty claims were included in this patent which protects Invisicare in the areas of 'Topical Composition,' 'Topical Composition Precursor,' and 'Methods for Manufacturing and Using.' In July 2010, we were granted a comprehensive patent for Invisicare® for Hong Kong. This was followed by a comprehensive patent being granted for Canada, which is the seventh comprehensive international patent that we have received for Invisicare® in addition to the four United States patents already granted. The seven patents have been granted in Australia, China, Japan, India, South Korea, Hong Kong and Canada, with only Europe pending. We believe a European patent is imminent.

Additionally, we have twenty-nine (29) patents pending internationally on various formulations and unique mechanisms in topical delivery. All patents with Invisicare are owned by Skinvisible.

Patent protection is important to our company. Pharmaceutical companies are pursuing new or improved revenue streams along with protecting their own intellectual properties. Invisicare allows companies to sell a patent-protected product that has been revitalized with new benefits, giving them a new story to help combat generic competitors. A prescription dermatology product can generate sales of \$100 plus million per year; some even \$200 plus million – and that is why we believe the investment into a license with an Invisicare formulation is a very viable option for these companies.

We continue to submit for patent protection worldwide for products formulated with Invisicare.

Status of Research and Development for New Applications

We believe that the enhancement and extension of our existing products and the development of new product categories have contributed significantly to our growth to date and are necessary for our continued growth. Our management evaluates new ideas and seeks to develop new products and improvements to existing products to satisfy industry requirements and changing consumer preferences. We seek to identify trends in consumer preferences and to generate new product ideas. Specific to the objective of generating new products, we are continuing our research and development toward developing additional applications with Invisicare.

In the first quarter of 2011, we entered into a feasibility agreement with Novartis Pharma AG of Basel, Switzerland. Under the agreement, we will assess the technical feasibility of a topical formulation with an undisclosed compound utilizing our proprietary Invisicare polymer delivery system. This formulation, if successful, would improve Invisicare's main benefits by providing controlled release of the proprietary active ingredient. The agreement includes the option for the two companies to enter into a future exclusive licensing agreement which would include a licensing fee and royalties based on sales. This project is ongoing.

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Competition

While there is significant competition in the skincare products industry, our primary business objective is to license our technology and formulated products to manufacturers of Rx and OTC skincare products. Market research undertaken to date has indicated that, at present, there is reasonably limited competition for our polymer-based delivery systems and related technologies such as delivery vehicles and technologies that offer the same performance capabilities for topically administered products. Some delivery technology companies offer a new way to bring active ingredients to the skin topically such as foam technology. This is usually where it stops as Invisicare not only offers this delivery but also offers a sustained or controlled release of the active ingredient from the emulsion – a real plus if the active ingredient causes skin irritation.

Trademarks

In January 2002, we received trademark approval in the United States for the name "Invisicare" to identify our family of polymer delivery systems. We have filed this trade name with the Cosmetic, Fragrance and Toiletries Association ("CFTA") as an ingredient for use in skincare and cosmetic formulations.

We have also applied and received trademark approval for the corporate name & logo "Skinvisible".

We are seeking to extend the protection of our trademarks in additional countries where we currently conduct business and those additional countries where we intend to conduct business.

In 2011, we received trademark protection for "DermSafe" both in the United States and Canada.

Employees

We currently have four employees, including our sole officer Terry Howlett. All our employees with the exception of our bookkeeper are full-time employees.

Research and Development Expenditures

We incurred research and development expenditures of \$7,312 in the fiscal year ended December 31, 2010, and \$21,780 in the fiscal year ended December 31, 2009.

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Government Regulation

We are not subject to any significant or material federal or state government regulation in connection with the research and development and licensing of our innovative topical polymer-based delivery systems and technologies.

With respect to our products under development, our licensing agreements require the licensee to seek all required approvals for marketing, distribution, and sale in the jurisdictions for which it is desired to make the product available should we succeed in developing a successful product.

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

Subsidiaries

We conduct our operations through our wholly-owned subsidiary, Skinvisible Pharmaceuticals, Inc.

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.

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

Item 3. Legal Proceedings

The Company was a defendant in a lawsuit brought by a former member of the Board of Directors. The Company settled the lawsuit for \$11,298.

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. (Removed and Reserved)

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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 has been quoted on the OTC Bulletin Board ("OTCBB"), which is sponsored by FINRA since 1999. The OTCBB is a network of security dealers who buy and sell stock. The dealers are connected by a computer network that provides information on current "bids" and "asks", as well as volume information.

Recently the majority of regulated broker-dealers have chosen to quote our company's securities on the OTC Markets Group Inc (OTCMarkets.com) and not the OTCBB. The OTCMarkets operate the largest electronic marketplace for broker-dealers to trade unlisted stocks.

Our shares are designated on this system as trading on the OTCQB™ tier, where investors can easily identify companies that file current information with a U.S. regulator (the SEC). To make sure that the marketplace is well-informed, they currently provide FREE real-time quotes for our investors at www.otcm Markets.com.

Some financial websites have not updated their systems and are not displaying accurate quotes (or no quotes at all) and are mistakenly showing SEC reporting companies as Pink (sometimes showing .PK on the end of their tickers). This is being corrected.

Our shares are now quoted on the OTCMarkets.com under the symbol "SKVI"

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, 2010 | | |
|---|------------|-----------|
| Quarter Ended | High \$ | Low \$ |
| December 31, 2010 | 0.06 | 0.04 |
| September 30, 2010 | 0.08 | 0.04 |
| June 30, 2010 | 0.10 | 0.06 |
| March 31, 2010 | 0.16 | 0.08 |

| Fiscal Year Ending December 31, 2009 | | |
|---|------------|-----------|
| Quarter Ended | High \$ | Low \$ |
| December 31, 2009 | 0.15 | 0.07 |
| | 0.24 | 0.05 |

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| | | |
|-----------------------|------|------|
| September 30, 2009 | | |
| June 30, 2009 | 0.11 | 0.03 |
| March 31, 2009 | 0.09 | 0.03 |

On March 17, 2011, the last sales price per share of our common stock on the OTCQB was \$0.10.

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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 December 31, 2010, we had 97,518,259 shares of our common stock issued and outstanding, held by 171 shareholders of record, other than those held in street name.

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Dividends

We currently intend to retain future earnings, if any, to finance the expansion of our business. As a result, we do not anticipate paying any cash dividends in the foreseeable future.

In the event that a dividend is declared, common stockholders on the record date are entitled to share ratably in any dividends that may be declared from time to time on the common stock by our board of directors from funds legally available.

There are no restrictions in our articles of incorporation or bylaws that restrict 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.

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.

During the three months ended December 31, 2010, we issued 10,200 restricted shares of our common stock as a result of entering into debt conversion agreements with lenders to convert total principal balances of \$510 into equity.

During the three months ended December 31, 2010 we issued 50,000 restricted shares of our common stock as a result of entering into loan conversion agreements with lenders to convert total principal balances and interest of \$3,000 into equity. In connection with the conversions, warrants were also granted to purchase 450,000 shares of our common stock at a strike price of \$0.09 per share that expire on December 12, 2011, and warrants to purchase 312,500 shares of our common stock at a strike price of \$0.07 per share that expire on December 12, 2012.

During the three months ended December 31, 2010, we issued employee and non-employee options to purchase 2,060,000 shares of our common stock at \$0.06 per share under our 2006 Stock Option Plan to employees and consultants.

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.

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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, 2010.

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.

| Plan Category | Equity Compensation Plans as of December 31, 2010 | | |
|--|---|--|---|
| | A | B | C |
| | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and right | 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 | 9,830,000 | \$0.05 | 170,000 |
| Equity compensation plans not approved by security holders | 5,844,347 | \$0.09 | - |
| Total | 15,674,347 | | 170,000 |

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” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words “believes,” “project,” “expects,” “anticipates,” “estimates,” “intends,” “strategy,” “plan,” “may,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions. V such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. 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. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

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Results of Operations for the Years Ended December 31, 2010 and 2009

Revenues

Our total revenue reported for the year ended December 31, 2010 was \$229,175, a decrease from \$287,269 for the year ended December 31, 2009. The decrease in revenues for the year ended December 31, 2010 from the prior year is primarily attributable to decreased sales of polymers to our licensees.

Cost of Revenues

Our cost of revenues for the year ended December 31, 2010 decreased to \$19,461 from the prior year when cost of revenues was \$51,462. The decrease in our cost of revenues for the year ended December 31, 2010 from the prior year is attributable to fewer costs associated with product materials.

Gross Profit

Gross profit for the year ended December 31, 2010 was \$209,714, or approximately 91% of sales. Gross profit for the year ended December 31, 2009 was \$235,807, or approximately 82% of sales.

Operating Expenses

Operating expenses decreased to \$895,184 for the year ended December 31, 2010 from \$1,608,036 for the year ended December 31, 2009. Our operating expenses for the year ended December 31, 2010 consisted mainly of salaries and wages of \$222,549, accrued salaries and wages of \$219,509, rent of \$61,816, royalties paid of \$72,000, accounting and audit expenses of \$43,320, depreciation and amortization expenses of \$41,986, amortization expenses of \$39,769, and consulting expenses of \$36,822. In comparison, our operating expenses for the year ended December 31, 2009 consisted mainly of salaries and wages of \$307,566, accrued salaries and wages of \$229,245, employee stock benefits of \$260,392, depreciation and amortization expenses of \$194,144, consulting expenses of \$154,737, rent of \$92,689, and royalties paid of \$72,000.

Other Expenses

We paid less in interest expenses for the year ended December 31, 2010 than in the prior year ended 2009, which was the primary basis for total other expenses of \$266,685 for the year ended December 31, 2010 as compared with \$349,712 for the prior year.

Net Loss

Net loss for the year ended December 31, 2010 was \$952,155 compared to net loss of \$1,747,696 for the year ended December 31, 2009.

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Liquidity and Capital Resources

As of December 31, 2010, we had total current assets of \$34,619 and total assets in the amount of \$285,005. Our total current liabilities as of December 31, 2010 were \$1,202,249. We had a working capital deficit of \$1,167,630 as of December 31, 2010.

Operating activities used \$21,024 in cash for year ended December 31, 2010. Our net loss of \$952,155 and an increase in accounts payable and accrued liabilities of \$253,825 were the main components of our negative operating cash flow, offset mainly by interest expenses paid with common stock of \$548,183, a decrease in unearned revenue of \$253,023, stock issued for conversion of accounts payable of \$185,070 and stock based compensation of \$126,220.

Cash flows used by investing activities during the year ended December 31, 2010 was \$100,348 as a result of the purchase of fixed and intangible assets.

Cash flows provided by financing activities during year ended December 31, 2010 amounted to \$97,985 and consisted primarily of \$25,000 from the issuance of stock and \$72,985 as proceeds from the issuance of convertible notes payable.

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, 2010, there were no off balance sheet arrangements.

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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. We have incurred cumulative net losses of approximately \$19,637,576 since our inception and require capital for our contemplated operational and marketing activities to take place. Our ability to raise additional capital through the future issuances of the common stock is unknown. The obtainment of additional financing, the successful development of our contemplated plan of operations, and our transition, ultimately, to the attainment of profitable operations are necessary for us to continue operations. The ability to successfully resolve these factors raise substantial doubt about our ability to continue as a going concern. Our consolidated financial statements do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most “critical accounting policies” 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 \$19,758,458 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.

Revenue recognition

Product sales – Revenues from the sale of products 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 patent and trademarks, 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.

Distribution and license rights sales – The Company also recognizes revenue from distribution and license rights 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.

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, 2010, the Company had not recorded a reserve for doubtful accounts.

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Recently Issued Accounting Pronouncements

In January 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-07 (ASU 2010-07), Not-for-Profit Entities (Topic 958): Not-for-Profit Entities: Mergers and Acquisitions. This amendment to Topic 958 has occurred as a result of the issuance of FAS 164. The Company does not expect the provisions of ASU 2010-07 to have a material effect on the financial position, results of operations or cash flows of the Company.

In February 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-08 (ASU 2010-08), Technical Corrections to Various Topics. This amendment eliminated inconsistencies and outdated provisions and provided the needed clarifications to various topics within Topic 815. The amendments are effective for the first reporting period (including interim periods) beginning after issuance (February 2, 2010), except for certain amendments. The amendments to the guidance on accounting for income taxes in reorganization (Subtopic 852-740) should be applied to reorganizations for which the date of the reorganization is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. For those reorganizations reflected in interim financial statements issued before the amendments in this Update are effective, retrospective application is required. The clarifications of the guidance on the embedded derivatives and hedging (Subtopic 815-15) are effective for fiscal years beginning after December 15, 2009, and should be applied to existing contracts (hybrid instruments) containing embedded derivative features at the date of adoption. The Company does not expect the provisions of ASU 2010-08 to have a material effect on the financial position, results of operations or cash flows of the Company.

In February 2010, the FASB issued Accounting Standards Update 2010-09 (ASU 2010-09), Subsequent Events (Topic 855), amending guidance on subsequent events to alleviate potential conflicts between FASB guidance and SEC requirements. Under this amended guidance, SEC filers are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. This guidance was effective immediately and we adopted these new requirements for the period ended May 31, 2010. The adoption of this guidance did not have a material impact on our financial statements.

In April 2010, the FASB issued ASU No. 2010-17, "Revenue Recognition – Milestone Method (Topic 605): Milestone Method of Revenue Recognition" (codified within ASC 605 – Revenue Recognition). ASU 2010-17 provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. ASU 2010-17 is effective for interim and annual periods beginning after June 15, 2010. The adoption of ASU 2010-17 is not expected to have any material impact on our financial position, results of operations or cash flows.

In May 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-19 (ASU 2010-19), Foreign Currency (Topic 830): Foreign Currency Issues: Multiple Foreign Currency Exchange Rates. The amendments in this Update are effective as of the announcement date of March 18, 2010. The Company does not expect the provisions of ASU 2010-19 to have a material effect on the Company's financial position, results of operations or cash flows of the Company.

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:

| | |
|-----|--|
| F-1 | Report of Independent Registered Public Accounting Firm |
| F-2 | Consolidated Balance Sheets as of December 31, 2010 and 2009; |
| F-3 | Consolidated Statements of Operations for the years ended December 31, 2010 and 2009; |
| F-4 | Consolidated Statement of Stockholders' Equity for the years ended December 31, 2010 and 2009; |
| F-5 | Consolidated Statements of Cash Flows for the years ended December 31, 2010 and 2009; |
| F-6 | Notes to Consolidated Financial Statements |

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Skinvisible, Inc.
Las Vegas, Nevada

We have audited the accompanying consolidated balance sheet of Skinvisible, Inc. as of December 31, 2010 and 2009, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Skinvisible, Inc. as of December 31, 2010 and 2009, and the consolidated results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

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 suffered recurring losses from operations, which raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 1. Absent the successful completion of one of these alternatives, the Company's operating results will increasingly become uncertain. The financial statements do not contain any adjustments that might result from the outcome of this uncertainty.

Sarna & Company
Certified Public Accountants
April 14, 2011
Thousand Oaks, California

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SKINVISIBLE, INC.

CONSOLIDATED BALANCE SHEET

(AUDITED)

| ASSETS | December 31, 2010 (Audited) | December 31, 2009 (Audited) |
|--|-----------------------------------|-----------------------------------|
| Current assets | | |
| Cash | \$ 2,481 | \$ 25,868 |
| Accounts receivable | -- | 468 |
| Inventory | 16,595 | 17,629 |
| Due from related party | 1,145 | 4,206 |
| Prepaid expense and other current assets | 14,003 | 4,212 |
| Total current assets | 34,224 | 52,383 |
| Fixed assets, net of accumulated depreciation of \$328,369 and \$326,202, respectively | | |
| | 7,349 | 9,516 |
| Intangible and other assets | | |
| Patents and trademarks, net of accumulated amortization of \$107,941 and \$71,922, respectively | 231,441 | 132,508 |
| License and distributor rights | -- | 50,000 |
| Total assets | \$ 273,014 | \$ 244,407 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 638,717 | \$ 741,716 |
| Accrued interest payable | 5,150 | 17,099 |
| Loans from related party | -- | 214,112 |
| Convertible notes payable, net of unamortized debt discount of \$3,477 and \$3,750, respectively | 108,965 | 71,250 |
| Convertible notes payable related party, net of unamortized discount of \$538,295 | 249,383 | -- |
| Unearned revenue | 302,815 | 49,792 |
| Total current liabilities | 1,305,030 | 1,093,969 |
| Total liabilities | 1,305,030 | 1,093,969 |
| Stockholders' deficit | | |
| | 97,520 | 94,945 |

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Common stock; \$0.001 par value; 100,000,000 shares authorized 97,518,259 and 94,943,509 shares issued and outstanding at December 31, 2010 and 2009, respectively

| | | |
|-----------------------------|--------------|--------------|
| Additional paid-in capital | 18,628,922 | 17,740,914 |
| Accumulated deficit | (19,758,458) | (18,685,421) |
| Total stockholders' deficit | (1,032,016) | (849,562) |

| | | |
|---|------------|------------|
| Total liabilities and stockholders' deficit | \$ 273,014 | \$ 244,407 |
|---|------------|------------|

See Accompanying Notes to Consolidated Financial Statements

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SKINVISIBLE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(AUDITED)

| | For The Year Ended | |
|--|-----------------------------------|-----------------------------------|
| | December 31, 2010 (Audited) | December 31, 2009 (Audited) |
| Revenues | \$ 229,175 | \$ 287,269 |
| Cost of revenues | 19,461 | 51,462 |
| Gross profit | 209,714 | 235,807 |
| Operating expenses | | |
| Depreciation and amortization | 41,936 | 25,755 |
| Selling general and administrative | \$ 968,019 | \$ 1,608,036 |
| Total operating expenses | 1,009,955 | 1,633,791 |
| Loss from operations | (800,241) | (1,397,984) |
| Other income (expense) | | |
| Interest income | -- | 17 |
| Other income | -- | 5,570 |
| Interest expense | (272,796) | (355,300) |
| Total other income (expense) | (272,796) | (349,712) |
| Provision for income taxes | -- | -- |
| Net loss | \$ (1,073,037) | \$ (1,747,696) |
| Basic loss per common share | \$ (0.01) | \$ (0.02) |
| Basic weighted average common shares outstanding | 89,879,372 | 89,034,972 |

See Accompanying Notes to Consolidated Financial Statements

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SKINVISIBLE, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

(AUDITED)

| | Common Stock | | Additional | Accumulated | Total |
|--|--------------|--------|--------------------|--------------|--------------------------|
| | Shares | Amount | Paid-in Capital | Deficit | Stockholders' Deficit |
| Balance, December 31, 2008 | 84,095,888 | 84,098 | 16,552,571 | (16,937,725) | (301,056) |
| Issuance of stock for cash | 575,000 | 575 | 25,425 | | 26,000 |
| Issuance of stock for services | 355,000 | 355 | 28,945 | | 29,300 |
| Issuance of stock for conversion of debts | 7,673,692 | 7,673 | 269,647 | | 277,320 |
| Issuance of stock for accounts payable | 2,243,929 | 2,244 | 284,372 | | 286,616 |
| Issuance of employee stock options | - | | 261,044 | | 261,044 |
| Issuance of stock options/warrants for services | - | | 296,410 | | 296,410 |
| Beneficial conversion feature of convertible debt | - | | 22,500 | | 22,500 |
| Net loss | - | | | (1,747,696) | (1,747,696) |
| Balance, December 31, 2009 | 94,943,509 | 94,945 | 17,740,914 | (18,685,421) | (849,562) |
| Issuance of stock for cash | 500,000 | 500 | 24,500 | - | 25,000 |
| | 416,750 | 417 | 31,866 | - | 32,283 |

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| | | | | | |
|---|------------|--------|------------|--------------|-------------|
| Issuance of stock for services | | | | | |
| Issuance of stock for conversion of debts | 1,175,000 | 1,175 | 92,825 | - | 94,000 |
| Issuance of stock for accounts payable | 483,000 | 483 | 31,737 | - | 32,220 |
| Issuance of employee stock options | - | - | 91,460 | - | 91,460 |
| Issuance of stock options for services | - | - | 31,673 | - | 31,673 |
| Issuance of warrants for services | - | - | 35,763 | - | 35,763 |
| Beneficial conversion feature of convertible debt | - | - | 548,184 | - | 548,184 |
| Net loss | - | - | - | (1,073,037) | (1,073,037) |
| Balance, December 31, 2010 | 97,518,259 | 97,520 | 18,628,922 | (19,758,458) | (1,032,016) |

See Accompanying Notes to Consolidated Financial Statements

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SKINVISIBLE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(AUDITED)

| | For the year ended | |
|---|----------------------|----------------------|
| | December 31, 2010 | December 31, 2009 |
| Cash flows from operating activities: | | |
| Net loss | \$ (1,073,037) | \$ (1,747,696) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Depreciation and amortization | 41,936 | 25,755 |
| Stock based compensation | 126,220 | 625,686 |
| Stock issued for conversion of accounts payable | 191,180 | -- |
| Interest expense paid with common stock | 548,183 | 234,524 |
| Loss on disposal of assets | -- | 3,413 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in inventory | 1,034 | 167 |
| (Increase) decrease in accounts receivable | 468 | 9,085 |
| Decrease in prepaid expenses and other current assets | (9,791) | 55,532 |
| (Increase) decrease in related party receivable | 3,060 | (3,220) |
| Decrease in prepaid royalty fees | 50,000 | 180,000 |
| Increase in accounts payable and accrued liabilities | (102,997) | 272,565 |
| Increase (decrease) in accrued interest | (11,949) | (6,110) |
| (Decrease) in unearned revenue | 253,023 | (208) |
| Net cash used in operating activities | 17,330 | (350,507) |

| | | |
|--|------------|------------|
| Cash flows from investing activities: | | |
| Purchase of fixed assets and intangible assets | (138,702) | (129,536) |
| Net cash used in investing activities | (138,702) | (129,536) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of stock | 25,000 | 26,000 |
| Proceeds from, net of payments to, related parties for loans | - | 91,349 |
| Proceeds from convertible notes payable | 72,985 | 75,000 |
| Proceeds from loans | | 307,500 |
| Net cash provided by financing activities | 97,985 | 499,849 |
| Net change in cash | (23,387) | 19,806 |
| Cash, beginning of period | 25,868 | 6,062 |
| Cash, end of period | \$ 2,481 | \$ 25,868 |

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 of innovative topical 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. The Company’s antibacterial/antimicrobial hand sanitizer formulations, available for private label commercialization opportunities, offer skincare solutions for the healthcare, food service, industrial, cosmetic and salon industries, as well as for personal use in the retail marketplace. The Company maintains manufacturing, executive and sales offices in Las Vegas, Nevada.

History – Skinvisible, Inc. (referred to as 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.

Skinvisible, Inc. together with its subsidiary 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 \$19,758,458 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 subsidiary. 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.

Revenue recognition

Product sales – Revenues from the sale of products 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 patent and trademarks, 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.

Distribution and license rights sales – The Company also recognizes revenue from distribution and license rights 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.

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.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

1. DESCRIPTION OF BUSINESS, HISTORY AND SUMMARY OF SIGNIFICANT POLICIES - (continued)

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, 2010, the Company had not recorded a reserve for doubtful accounts.

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.

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.

ASC 350-10 requires the Company to compare the fair value of the reporting unit to its carrying amount on an annual basis to determine if there is potential impairment. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value. During 2010, the Company completed an impairment review and did not recognize any impairment of goodwill and other intangible assets already included in the financial statements. The Company expects to receive future benefits from previously acquired goodwill over an indefinite period of time. Accordingly, beginning January 1, 2002, the Company has foregone all related amortization expense. Prior to January 1, 2002, the Company amortized goodwill over an estimated useful life ranging from 3 to 15 years using the straight-line method.

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 a 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, 2010 and 2009 totaled \$191,180 and \$625,686, 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.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

1. DESCRIPTION OF BUSINESS, HISTORY AND SUMMARY OF SIGNIFICANT POLICIES - (continued)

Reclassification – The financial statements from 2008 reflect certain reclassifications, which will have no effect on net income, to conform to classifications in the current year.

Recent Accounting Pronouncements –

In January 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-07 (ASU 2010-07), Not-for-Profit Entities (Topic 958): Not-for-Profit Entities: Mergers and Acquisitions. This amendment to Topic 958 has occurred as a result of the issuance of FAS 164. The Company does not expect the provisions of ASU 2010-07 to have a material effect on the financial position, results of operations or cash flows of the Company.

In February 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-08 (ASU 2010-08), Technical Corrections to Various Topics. This amendment eliminated inconsistencies and outdated provisions and provided the needed clarifications to various topics within Topic 815. The amendments are effective for the first reporting period (including interim periods) beginning after issuance (February 2, 2010), except for certain amendments. The amendments to the guidance on accounting for income taxes in reorganization (Subtopic 852-740) should be applied to reorganizations for which the date of the reorganization is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. For those reorganizations reflected in interim financial statements issued before the amendments in this Update are effective, retrospective application is required. The clarifications of the guidance on the embedded derivatives and hedging (Subtopic 815-15) are effective for fiscal years beginning after December 15, 2009, and should be applied to existing contracts (hybrid instruments) containing embedded derivative features at the date of adoption. The Company does not expect the provisions of ASU 2010-08 to have a material effect on the financial position, results of operations or cash flows of the Company.

In February 2010, the FASB issued Accounting Standards Update 2010-09 (ASU 2010-09), Subsequent Events (Topic 855), amending guidance on subsequent events to alleviate potential conflicts between FASB guidance and SEC requirements. Under this amended guidance, SEC filers are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. This guidance was effective immediately and we adopted these new requirements for the period ended May 31, 2010. The adoption of this guidance did not have a material impact on our financial statements.

In April 2010, the FASB issued ASU No. 2010-17, "Revenue Recognition - Milestone Method (Topic 605): Milestone Method of Revenue Recognition" (codified within ASC 605 - Revenue Recognition). ASU 2010-17 provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. ASU 2010-17 is effective for interim and annual periods beginning after June 15, 2010. The adoption of ASU 2010-17 is not expected to have any material impact on our financial position, results of operations or cash flows.

In May 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-19 (ASU 2010-19), Foreign Currency (Topic 830): Foreign Currency Issues: Multiple Foreign Currency Exchange Rates. The amendments in this Update are effective as of the announcement date of March 18, 2010. The Company does not expect the provisions of ASU 2010-19 to have a material effect on the Company's financial position, results of operations or cash flows of the Company.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

2. FIXED ASSETS

Fixed assets consist of the following as of December 31, 2010 and 2009:

| | 2010 | 2009 |
|---|-----------|---------|
| Machinery and equipment | \$ 55,463 | 55,463 |
| Furniture and fixtures | 113,635 | 113,635 |
| Computers, equipment and software | 38,105 | 58,105 |
| Leasehold improvements | 12,569 | 12,569 |
| Lab equipment | 115,946 | 115,946 |
| | 335,718 | 335,718 |
| Less: accumulated depreciation | 328,369 | 326,202 |
| Fixed assets, net of accumulated depreciation | \$ 7,349 | 9,516 |

Depreciation expense for the years ending December 31, 2010 and 2009 was \$2,167 and \$5,394, respectively.

3. INTANGIBLE AND OTHER ASSETS

Patents and trademarks are capitalized at its historical cost and are amortized over their useful lives. As of December 31, 2010, patents and trademarks total \$231,441, net of \$107,941 of accumulated amortization. Amortization expense for the years ended December 31, 2010 and 2009 were \$39,769 and \$20,361, respectively.

License and distributor rights (“agreement”) was acquired by the Company in January 1999 and provides 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, 2010.

4. UNEARNED REVENUE

Unearned revenue totaling \$302,815 as of December 31, 2010 relates to a marketing and distribution rights agreement entered into during 2010 for which monies were received and not considered earned. See note 9 “Definitive Agreements”.

5. STOCK OPTIONS AND WARRANTS

Stock options employees and directors – During the years ended December 31, 2010 and 2009, the Company granted stock options to employees and directors totaling 1,610,000 and 3,920,000 shares of its common stock with a weighted average strike price of \$0.06 and \$0.06 per share, respectively. Certain stock options were exercisable upon grant and have a life ranging from 3 months to 5 years. The stock options have been valued at \$91,460 and \$299,370 for 2010 and 2009, respectively, using the Black-Scholes option pricing model based upon the following assumptions: term of 5 years, risk free interest rates ranging from 1.25% to 2.19%, a dividend yield of 0% and volatility rates ranging from 131% to 172%. The Company has recorded an expense of \$91,460 and \$299,370 for the years ended December 31, 2010 and 2009, respectively.

Stock options non-employees – During the years ended December 31, 2010 and 2009, the Company granted stock options for services totaling 450,000 and 200,000 shares of its common stock with a weighted average strike price of \$0.06 and \$0.04 per share, respectively. All stock options were exercisable upon grant. The stock options have been valued at \$25,563 during 2010 and \$12,160 during 2009 using the Black-Scholes option pricing model based upon the following assumptions: term of 5 years, risk free interest rates ranging from 1.25% to 3.5%, a dividend yield of 0% and volatility rates ranging from 131% to 172%.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

5. STOCK OPTIONS AND WARRANTS – (continued)

The following is a summary of option activity during the years ended December 31, 2010 and 2009:

| | Number of Shares | Weighted Average Exercise Price |
|--------------------------------------|---------------------|--|
| Balance, December 31, 2008 | 6,795,000 | 0.14 |
| Options granted and assumed | 4,120,000 | 0.06 |
| Options expired | 1,670,000 | 0.13 |
| Options canceled | - | |
| Options exercised | 275,000 | 0.04 |
| Balance, December 31, 2009 | 8,970,000 | 0.05 |
| Options granted and assumed | 2,110,000 | 0.06 |
| Options expired | 800,000 | 0.13 |
| Options canceled | - | - |
| Options exercised | - | - |
| Balance, December 31, 2010 | 10,280,000 | 0.05 |

As of December 31, 2010, 10,130,000 stock options are exercisable.

Stock warrants -

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The following is a summary of warrants activity during the years ended December 31, 2010 and 2009:

| | Number of Shares | Weighted Average Exercise Price |
|---------------------------------------|---------------------|--|
| Balance, December 31, 2008 | 8,349,000 | 0.16 |
| Warrants granted and assumed | 2,336,847 | 0.07 |
| Warrants expired | 637,500 | 0.29 |
| Warrants canceled | 1,474,000 | 0.10 |
| Warrants exercised | 287,500 | 0.13 |
| Balance, December 31, 2009 | 8,286,847 | 0.10 |
| Warrants granted and assumed | 1,037,500 | 0.09 |
| Warrants expired | 3,480,000 | 0.10 |
| Warrants canceled | - | - |
| Warrants exercised | - | 0.05 |
| Balance, December 31, 2010 | 5,844,347 | 0.10 |

All warrants outstanding as of December 31, 2010 are exercisable. The warrants issued during 2010 were for services rendered.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

6. RELATED PARTY TRANSACTIONS

As of December 31, 2009, the Company had an unsecured loan payable due to an employee with an interest rate of 10% per annum, due on demand totaling \$214,112. As of December 31, 2010, all such notes have been extinguished or re-negotiated as convertible notes. See note 7.

On December 31, 2010, we extended a Promissory Note to Doreen McMorran totaling \$179,677.66. Under the terms of the Promissory Note, Ms. McMorran has the right to convert all or any part of the principal sum of the loan into common stock as well as a warrant agreement to purchase one share for every two shares acquired. The expiration date on the warrant is 3 years from the date of conversion. See note 7.

On December 31, 2010 we extended a Promissory Note due to Doreen McMorran totaling \$66,686. Under the terms of the Promissory Note, Ms. McMorran has the right to convert all or any part of the principal sum of the loan into common stock of the Issuer as well as a warrant agreement to purchase one share for every two shares acquired. The expiration date on the warrant is 3 years from the date of conversion. See note 7.

On December 31, 2010 our Board of Directors approved a Debt Conversion Agreement which granted Ms. McMorran the right to convert gross salary debt owed to her totaling \$212,322 into common stock as well as a warrant agreement to purchase one share for every two shares acquired. The expiration date on the warrant is 3 years from the date of conversion. See note 7.

On December 31, 2010 our Board of Directors approved a Debt Conversion Agreement which granted Mr. Howlett the right to convert gross salary debt owed to him totaling \$258,838 into common stock as well as a warrant agreement to purchase one share for every two shares acquired. The expiration date on the warrant is 3 years from the date of conversion. See note 7.

7. CONVERTIBLE NOTES PAYABLE

During 2009, the Company issued an aggregate of \$382,500 consisting of promissory convertible notes to eight individuals. One of the notes was due by January 12, 2010, accruing interest at 10% per annum. At the investor's option until the repayment date, the note could be converted to shares of the Company's common stock at a fixed price of \$0.10 per share along with additional warrants to purchase one share per every two shares issued at the exercise price of \$0.15 per share for two years after the conversion date. As of December 31, 2009, all but one of the notes, with a total face value of \$307,500, were converted into 7,613,692 shares. The remaining note, with a face value of \$75,000, had a beneficial conversion feature totaling \$22,500. The beneficial conversion feature has been accreted and charged to interest expense in the amount of \$22,500 and \$18,750 as of December 31, 2010 and December 31, 2009, respectively. The beneficial conversion feature is valued under the intrinsic value method.

During the year ended December 31, 2010, the Company issued an additional \$23,000 of convertible debt to one individual. 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 \$0.08 per share along with additional warrants to purchase one share for every two shares issued at the exercise price of \$0.12 per share for two years after the conversion date. The Company has determined the value associated with the beneficial conversion feature in connection with the note to be \$5,750. The beneficial conversion feature has been accreted and charged to interest expense in the amount of \$2,273 as of December 31, 2010. The beneficial conversion feature is valued under the intrinsic value method.

Also during the year ended December 31, 2010, the Company issued an additional \$45,000 of discounted debt to two individuals. Under the provisions of the agreements, the principal and interest of the debt is to be paid in full in addition to the issuance of warrants. The holders will be issued an aggregate total of 400,000 warrants each giving them the right to purchase one half share for every warrant at an exercise price of \$0.09 per share. The Company has determined that the value of these warrants total \$4,139. As of December 31, 2010, the debt discount from the warrants has been fully accreted and charged to interest expense in the amount of \$4,139. The value of the warrants is calculated using the Black-Scholes option pricing model based upon the following assumptions: term of 3 months, risk free interest rate of 0.11% , a dividend yield of 0% and a volatility rate of 173%.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

7. CONVERTIBLE NOTES PAYABLE – (Continued)

On December 31, 2010, the Company re-negotiated accrued salaries and interest for three employees. Under the terms of the agreements, the salaries due were converted to promissory notes convertible into common stock with a warrant feature. The promissory notes are unsecured, due in one year 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 \$358,617. The beneficial conversion feature has been accreted and charged to interest expense in the amount of \$-0- as of December 31, 2010. The beneficial conversion feature is valued under the intrinsic value method.

On December 31, 2010, the Company re-negotiated a related party note due to an employee of the Company. Under the terms of the agreement, the salaries due were converted to promissory notes convertible into common stock with a warrant feature. The promissory note are unsecured, due in one year 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 \$0.05 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 \$179,678. The beneficial conversion feature has been accreted and charged to interest expense in the amount of \$-0- as of December 31, 2010. The beneficial conversion feature is valued under the intrinsic value method.

8. COMMITMENTS AND CONTINGENCIES

Lease obligations – The Company has operating leases for its offices. Future minimum lease payments under the operating leases for the facilities as of December 31, 2010 are as follows:

| | |
|------|--------|
| 2011 | 57,606 |
| 2012 | 57,606 |

Rental expense, resulting from operating lease agreements, approximated \$61,817 for the year ended December 31, 2010.

Lawsuit – The Company was a defendant in a lawsuit brought by a former member of the Board of Directors. The Company settled the lawsuit for 250,000 shares valued at \$11,298 or an average price of \$0.045/share.

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SKINVISIBLE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

9. DEFINITIVE AGREEMENTS

In June 2010, the Company entered into two license agreements with RHEI Pharmaceuticals HK Ltd. The first agreement is for the exclusive manufacturing, marketing and distribution rights to three topical healthcare products for Europe, China and the US. Terms of the agreement are for a license fee of \$750,000 split as to \$250,000 for the rights for Europe and China which the Company has received and \$500,000 for the US. The US rights are payable on product launch which must be no later than June 30, 2011. The second agreement is for the exclusive manufacturing, marketing and distribution rights to the Companies patent pending hand sanitizer using Chlorhexidine Gluconate as the active ingredient and trademarked DermSafe for Europe and China. Terms of this agreement are for a license fee of \$750,000 with \$500,000 for the rights for Europe and \$250,000 for the rights for China. The license fees are payable on product launch in each country however no later than June 30, 2011. The license fee of \$250,000 in the first agreement is to be recognized over a period of 5 years, leaving the unrecognized balance classified as unearned revenue. As of December 31, 2010, \$37,500 has been recognized as revenue leaving a balance of \$212,500 as unearned.

On October 12, 2010 the Company and Rhei amended the Definitive Agreements entered into on June 30, 2010. whereby Skinvisible granted Rhei, subject to conditions, rights for DermSafe® for Europe and China (“DermSafe Agreement”) and for Three Products for Europe, China and the USA (“Three Products Agreement”), (collectively the “License Agreements”). The amended agreement grants Rhei the exclusive right to distribute DermSafe within Europe for Commercial use only subject to Rhei paying the License Fee of five hundred thousand US dollars (US \$500,000). Skinvisible agrees to apply the two hundred and fifty thousand US dollars (US \$250,000) license fee paid by Rhei for the Three Products Agreement towards the DermSafe Agreement for Europe and Rhei paid a further fifty thousand US dollars (US \$50,000) with the balance owing of two hundred thousand US dollars (US \$200,000) due upon Rheo making its first sale within the territory but no later than March 21st, 2011. The Three Products Agreement will become non-exclusive effective immediately for the term of the Three Products Agreement. Should Rhei elect to pay the license fee prior to the expiration date of the Three Products Agreement, the license fee will be due immediately and the agreement will become exclusive for Rhei for that territory. While the Three Products Agreement remains non-exclusive, Skinvisible has the right to enter into an exclusive agreement with another party other than Rhei (“Third Party License”) for Europe, China or the USA. . The additional license fee of \$50,000 as a result of the amended agreement is to be recognized over a period of 5 years along with the original \$250,000, leaving the unrecognized balance classified as unearned revenue. As of December 31, 2010, \$2,500 has been recognized as revenue leaving a balance of \$47,500 as unearned.

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

No events occurred requiring disclosure under Item 307 and 308 of Regulation S-K during the fiscal year ending December 31, 2010.

Item 9A(T). Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2010. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, Mr. Terry Howlett. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2010, our disclosure controls and procedures are effective. There have been no significant changes in our internal controls over financial reporting during the quarter ended December 31, 2010 that have materially affected or are reasonably likely to materially affect such controls.

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 Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Internal Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving our objectives and our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at that reasonable assurance level. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Management's Annual Report on Internal Control over Financing Reporting

Our management is responsible for establishing and maintaining adequate control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of our principal executive and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO Framework”). Based on this evaluation under the COSO Framework, management concluded that its internal control over financial reporting was effective as of December 31, 2010.

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 temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Item 9B. Other Information

None

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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, 2010.

| Name | Age | Position(s) and Office(s) Held |
|----------------------|-----|--|
| T e r r y Howlett | 63 | Chief Executive Officer, Chief Financial Officer, & Director |
| G r e g McCartney | 57 | 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 & 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 ten (12) directors. We currently have two Directors.

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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 (Honours) 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.

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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, 2010, 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.

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, 2010 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, 2010, 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, 2010:

| Name and principal position | Number Transactions | | Known failures to file a required form |
|---|---------------------|---------------------|--|
| | of late reports | not timely reported | |
| Terry Howlett CEO, CFO & Director | 1 | 1 | 0 |
| Greg McCartney Director | 0 | 5 | 0 |
| | 0 | 4 | 0 |

| | | | |
|-------------|---|---|---|
| Brian Piwek | | | |
| Former | | | |
| Director | | | |
| Lutz Family | 1 | 1 | 0 |
| Trust | | | |

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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.

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, 2010 and 2009.

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 | 2010 | 180,000 | - | - | 56,808 | - | - | - | 236,808 |
| Howlett | 2009 | 160,000 | - | - | 110,000 | - | - | - | 270,000 |
| CEO & CFO | | | | | | | | | |

Narrative Disclosure to the Summary Compensation Table

On January 29, 2009, we entered into an employment agreement with our sole executive officer, Terry Howlett. The agreement is effective retroactively to January 1, 2009, and term of the agreement is three (3) years. Unless extended or renewed, the agreement will terminate on January 1, 2012. Under the agreement, Mr. Howlett earns a cash stipend of \$13,333.33 per month (\$160,000 per year). Effective January 1, 2010, his cash stipend increased to \$15,000 per month (\$180,000 per year). He will also receive bonuses based on a percentage of license fees, royalty fees, and financings; paid vacation or the election to receive vacation benefits in payment; and reimbursements of expenses,

including automobile and limited living expenses. In addition, the agreement provides for Mr. Howlett to be awarded stock options at the discretion of the board of directors.

Due to financial constraints, however, we were only able to actually pay Mr. Howlett \$ 84,030 in cash during the fiscal year ended December 31, 2010.

During the fiscal year ended December 31, 2010, we granted Mr. Howlett options to purchase 1,000,000 shares of our common stock at the exercise price of \$0.06 per share with an expiration date of November 11, 2016. These options are fully vested and immediately exercisable. The aggregate value of these options, which totaled \$56,807, was computed in accordance with ASC 718-10 "Compensation-Stock Compensation" and is reported in the summary compensation table above in the column titled "Option Awards."

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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, 2010.

| Name | OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END OPTION AWARDS | | | | | STOCK AWARDS | | | |
|---------|---|---|---|-------------------------------|------------------------|---|--|---|---|
| | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$)(1) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Equity Incentive Plan Awards: Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Shares, Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Unearned Value of Shares, Other Rights That Have Not Vested (#) |
| Terry | 1,000,000 | - | - | 0.04 | 10/19/2013 | - | - | - | - |
| Howlett | 400,000 | - | - | 0.04 | 1/30/2013 | - | - | - | - |
| | 200,000 | - | - | 0.04 | 1/3/2016(2) | - | - | - | - |
| | 1,000,000 | - | - | 0.04 | 1/19/2014 | - | - | - | - |
| | 1,000,000 | - | - | 0.08 | 12/6/2014 | - | - | - | - |
| | 1,000,000 | - | - | 0.06 | 11/14/2015 | - | - | - | - |

(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 in December 7, 2009 of 1,000,000 shares at \$0.08 per share and the option issued in November 15, 2010 at \$0.06 per share. Aside from this modification, during the last fiscal year there was not any outstanding option repriced 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 10, 2010, our Board of Directors approved to extend the expiration date 5 years.

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Director Compensation

The table below summarizes all compensation of our directors as of December 31, 2010.

| Name | DIRECTOR COMPENSATION | | | | | | |
|---------------------------------------|---|-------------------------|--------------------------|---|---|--------------------------------------|---------------|
| | 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 | | 6,540 | 14,202 | | | | 20,742 |
| Brian Piwek, Former Director | | 6,040 | | | | | 6,040 |

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 \$600, which is sometimes paid in restricted common stock valued in accordance with FASB ASC Topic 718. Mr. McCartney received a total of 85,500 shares valued at an aggregate total of \$6,540 and Mr. Piwek received a total of 75,500 shares valued at an aggregate total of \$6,040 before he resigned in September 2010 in consideration for services rendered as members of our board of directors in 2010. In addition, Mr. McCartney received options to purchase 250,000 shares of common stock at an exercise price of \$0.06 per share. These options are fully vested and immediately exercisable. The aggregate value of these options, which totaled \$14,202, was computed in accordance with ASC Topic 718 and is reported in the director compensation table above in the column titled "Option Awards."

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

The following table sets forth, as of January 11, 2011, 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. Except as otherwise indicated, all shares are owned directly and the percentage shown is based on 101,051,759 shares of common stock issued and outstanding on March 24, 2011. 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.

| Title of class | Name and address of beneficial owner (1) | Amount of beneficial ownership | Percent of class* |
|---|--|--------------------------------|-------------------|
| Executive Officers & Directors: | | | |
| Common | Terry Howlett | 23,531,686 shares | 21.24% (2) |
| Common | Greg McCartney | 1,870,000 shares | 1.82% (3) |
| Total of All Directors and Executive Officers: | | 25,401,686 shares | 22.66% |
| More Than 5% Beneficial Owners: | | | |
| Lutz Family Trust 8322 West Tonto Lane, Peoria, AZ 85382(4) | | 11,117,500 shares | 11% |
| Doreen McMorran(5) | | 22,944,266 shares | 18.50% |
| Victor A. Voebel Jr. 12 Massey Row Sugar Land TX 77479 | | 5,087,500 shares | 5.03% |

- (1) 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.
- (2) Includes options that may be exercised immediately to purchase 2,600,000 shares at a price of \$0.04 per share, options that may be exercised immediately to purchase 1,000,000 shares at \$0.08 per share, options that may be exercised immediately to purchase 1,000,000 shares at \$0.06 per share, warrants that may be immediately exercised to purchase 1,500,000 shares at a price of \$0.05 per share, a Debt Conversion Agreement which grants the right to convert gross salary debt owed of \$258,838 into 6,470,938 shares of common stock, and a warrant under the Debt Conversion Agreement to purchase 3,237,500 shares of common stock..
- (3) Includes options that may be exercised immediately to purchase 800,000 shares at a price of \$0.04 per share, options that may be exercised immediately to purchase 250,000 shares at a price of \$0.08 per share, and options that may be exercised immediately to purchase 250,000 shares at a price of \$0.06 per share
- (4) As stated in the reporting person's Schedule 13D filed with the Securities and Exchange Commission on January 25, 2010.
- (5) As stated in the reporting person's Schedule 13D filed with the Securities and Exchange Commission on March 3, 2011

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

Aside from that which follows, 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 since the beginning of our last fiscal year on January 1, 2010 or in any presently proposed transaction which, in either case, has or will materially affect us.

On December 31, 2010, we extended a Promissory Note to Doreen McMorran totaling \$179,677.66. Under the terms of the Promissory Note, Ms. McMorran has the right to convert all or any part of the principal sum of the loan into common stock as well as a warrant agreement to purchase one share for every two shares acquired. The expiration date on the warrant is 3 years from the date of conversion.

On December 31, 2010 we extended a Promissory Note due to Doreen McMorran totaling \$66,686. Under the terms of the Promissory Note, Ms. McMorran has the right to convert all or any part of the principal sum of the loan into common stock of the Issuer as well as a warrant agreement to purchase one share for every two shares acquired. The expiration date on the warrant is 3 years from the date of conversion.

On December 31, 2010 our Board of Directors approved a Debt Conversion Agreement which granted Ms. McMorran the right to convert gross salary debt owed to her totaling \$212,322 into common stock as well as a warrant agreement to purchase one share for every two shares acquired. The expiration date on the warrant is 3 years from the date of conversion.

On December 31, 2010 our Board of Directors approved a Debt Conversion Agreement which granted Mr. Howlett the right to convert gross salary debt owed to him totaling \$258,838 into common stock as well as a warrant agreement to purchase one share for every two shares acquired. The expiration date on the warrant is 3 years from the date of conversion.

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 |
|---|-------------------|-----------------------|-------------|---------------|
| 2010 | \$31,320 | \$0 | \$0 | \$0 |
| 2009 | \$25,010 | \$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 Description

Number

| | |
|-------------|--|
| 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) |
| 14.1 | Code of Ethics (3) |
| <u>23.1</u> | <u>Consent of Sarna & Company, Certified Public Accountants</u> |
| <u>31.1</u> | <u>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</u> |
| <u>31.2</u> | <u>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</u> |
| <u>32.1</u> | <u>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</u> |

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

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant 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 15, 2011

In accordance with Section 13 or 15(d) of the Exchange Act, 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
Director
April 15, 2011

By: /s/ Greg McCartney
Greg McCartney
Director
April 15, 2011