SKINVISIBLE INC
Form 10KSB
March 31, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-KSB

[X] Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2002

[ ] Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from __________ to __________

Commission File Number 0-25911

SKINVISIBLE, INC.
(Exact name of Small Business Issuer as specified in its charter)

Nevada	88-0344219
(State or other jurisdiction of Incorporation)	(IRS Employer Identification No.)

6320 South Sandhill Road, Suite 10, Las Vegas, Nevada 89120
(Address of principal executive offices)

702-433-7154
(Issuer's telephone number)

____
(Former name, former address and former fiscal year if changed since last report)

Securities registered pursuant to Section 12 (b) of the Act: NONE

Securities registered pursuant to Section 12 (g) of the Act: 100,000,000 shares of common stock

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the 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. [X] Yes [ ]No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will 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-KSB or any amendment to the Form 10-KSB. [ ]

Revenues for 2002 were $183,690.

The aggregate market value of the voting stock held by non-affiliates computed by reference to the last reported sale price of such stock as of December 31, 2002 is $1,051,865.

The number of shares of the issuer's Common Stock outstanding as of December 31, 2002 is 38,789,808.

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

PART I

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Actual results could differ materially from those projected in the forward-looking statements as a result of the risk-related factors set forth herein.

ITEM 1. Description of Business

Skinvisible, Inc. (the "Company") is focused on the development of innovative topical polymer-based delivery systems and technologies, incorporating its proprietary process for combining hydrophilic and hydrophobic polymers into stable water emulsions. The Company's primary marketing objectives are to license its technologies and/or sell its delivery systems to established brand manufacturers and marketers of topical prescription Rx, over-the-counter, cosmetic and skincare products to provide enhanced performance capabilities.

When topically applied, products incorporating the Company's delivery systems adhere to the skin's outer layers, forming a protective bond, resisting wash-off, and delivering targeted levels of therapeutic or cosmetic skincare agents to the skin. Proven or potential applications identified to date include antimicrobial hand sanitizers, suncare and lipcare formulations, skincare moisturizers, anti-fungals, insect repellents, and acne, eczema and psoriasis treatment applications.

The Company's short-term strategy includes revenue generation from private label business opportunities for its antimicrobial hand sanitizer formulations. The Company is also offering private label opportunities for its clinically tested sunscreen formulation which allows labeling as "Very Water Resistant with an SPF of 30" in accordance with FDA Final Sunscreen Monograph requirements.

In January 2002 the Company received trademark approval in the U.S. for the name "Invisicare" to identify its family of polymer delivery systems. The Company is currently in the process of filing this trade name with the Cosmetic, Fragrance and Toiletries Association ("CFTA") as an ingredient for use in skincare and cosmetic formulations.

It is the Company's intention to direct its ongoing energies and resources towards:

Expanding research and development of its Invisicare delivery systems and related technologies;

Identifying additional applications and opportunities for its Invisicare delivery systems, either independently or in collaboration with established manufacturing and/or marketing companies;

Maximizing efforts for the licensing of its technologies and/or sale of its Invisicare delivery systems to manufacturers/marketers of topically administered Rx prescription, over-the-counter, cosmetic, and skincare products.

The Company is pursuing potential business opportunities, strategic alliances and collaborations directly and through sales agents/brokers. In this activity, the Company has targeted Rx pharmaceutical, over-the-counter, cosmetic, healthcare, and other brand manufacturers.

The Company has entered into a number of Confidentiality/Non-Disclosure Agreements during past two years and is presently undergoing negotiations or actively working with a variety of existing or potential customers for the purpose of developing or selling its products.

Patent Applications:

The Company filed a patent application in August 2001 for its Invisicare topical compositions and its methodology for manufacturing and utilization of numerous delivery systems and related applications.

In January 2000 the Company filed a patent application for its antimicrobial dermal barrier formulation, which utilized one of the Invisicare delivery systems. This initial application was intended to obtain patent protection for the Company's original finished skin protector product. This company received patent approval in February 2002.

Marketing of any or all existing or identified delivery systems, technologies, and formulations is subject to the Company's ability to obtain funding to successfully implement its corporate strategies, to proceed with its planned research & development, and achieve positive results in laboratory and clinical tests.

Results of Research on the Company's Products

The Company, through its wholly owned subsidiary Skinvisible Pharmaceuticals, Inc. ("SPI"), conducts in-house research, development and testing of its polymer delivery systems and a variety of formulations which incorporate them. In addition, where appropriate for validation and independent verification of marketing claims, it utilizes FDA-registered independent laboratories with extensive qualifications for carrying out investigative product studies, utilizing protocols incorporating Good Lab Practice and Good Clinical Practice ("GLP/GCP") standards.

To date, through recognized independent laboratories, the Company has extensively tested its antibacterial/anti-microbial formulations that incorporate its proprietary polymer delivery systems and technologies and utilize the active ingredient Triclosan 1%. Tests undertaken include Persistence (Duration of Action); Adherence to Skin's External Surface; Desorption Studies; Atomic Force Microscopy; Permeation Studies; Safety & Skin Sensitivity; Skin Moisturizing Ability; Antimicrobial Efficacy; Toxicology; and Product Stability & Aged Product Bio-Activity.

In January 2001, clinical tests were performed by Suncare Research Laboratories in Memphis, TN revealing that the Company's sunscreen formula produced successful results which allow labeling as "Very Water Resistant with an SPF of 30" in accordance with FDA Final Sunscreen Monograph requirements. Under the Monograph the labeled SPF (Sun Protection Factor) of a "Very Water Resistant" sunscreen product is the "largest whole number that is excluded by a 95% confidence interval for the mean SPF after 80 minutes of water immersion." The Company's sunscreen formulation incorporating its proprietary delivery system combines water soluble and insoluble polymers without requiring conventional sunscreen delivery ingredients such as petrolatum, silicones or waxes. This is anticipated to be a significant advantage for sunscreen providers, and accordingly the Company is actively pursuing major established sunscreen manufacturers to license its technology and/or sell its polymer-based delivery system designed for sunscreens.

The Company is currently investigating and undergoing internal research to demonstrate the capabilities of its polymer delivery systems for the following topical applications that have been identified both independently and in conjunction with established product manufacturers or marketers.

* Cosmetic skincare creams & lotions
* Acne treatment
* Anti-microbial burn-care treatment
* Eczema and psoriasis treatment
* Anti-fungal treatment
* Lip-care products
* Nail-care products
* Insect repellants

In January 2000, the Company's wholly owned subsidiary, Skinvisible Pharmaceuticals, Inc. filed a patent application that focused on its delivery technology for dermal barrier compositions. This company received patent approval in February 2002. In August 2001 Skinvisible Pharmaceuticals, Inc. filed an additional patent application that encompasses at least twelve structural variations for its topical polymer-based delivery systems, related technologies and manufacturing methods. The new application is significantly more extensive and includes drugs or other substances intended for the diagnosis, mitigation, treatment or prevention of skin diseases and conditions and/or skincare moisturizers, protectants, and repellants.

Corporate History and Subsidiaries

The Company is a Nevada corporation that was incorporated on March 5, 1998 under the name "Microbial Solutions, Inc.". On February 26, 1999, the Company filed an amendment to its articles of incorporation changing its corporate name to "Skinvisible, Inc."

The Company carries on its business through three wholly owned subsidiaries, as described below:

Name of Subsidiary	Date of Incorporation	Jurisdiction of Incorporation
Skinvisible Pharmaceuticals, Inc. (formerly Manloe Labs Inc.)	June 30, 1995	Nevada
Safe4Hours, Inc.	April 20, 2000	Nevada
Skinvisible Pharmaceuticals (Canada) Inc. (federal)	October 20, 1998	Canada

The Company's primary business activities, including all research, development and manufacturing of its products, are carried on through Skinvisible Pharmaceuticals, Inc. ("SPI"). The name of this subsidiary company was changed from "Manloe Labs Inc." to "Skinvisible Pharmaceuticals, Inc." effective February 22, 1999. Marketing and sales are also performed by SPI in the United States and Skinvisible Pharmaceuticals (Canada) Inc. ("SPCI") as applicable in Canada.

Scientific Advisory Committee

The Company formed a Scientific Advisory Committee to advise its Board of Directors on research and development matters and scientific issues relative to the Company's products. The Company's Scientific Advisory Committee currently consists of Dr. Stuart Maddin, MD, FRCPC, Dr. Jim Roszell, PhD., and Bruce Jezior. Dr. Maddin, a resident of Vancouver, British Columbia, is with the Faculty of Medicine, Division of Dermatology at the University of British Columbia. Dr. Roszell, the Company's full-time Chemist, is a doctoral chemist with experience in product formulation, experimental design, analysis, and method validation. Bruce Jezior is the inventor of the original proprietary polymer-based technology.

Members of the Scientific Advisory Committee, with the exception of Dr. Roszell, the Company's Chemist, spend only a minimal portion of their business time on the Company's business. They are consulted by the Company on an as needed basis relative to research and development matters. Members of the Scientific Advisory Committee do not conduct any research or development activity for the Company's products. Research and development of the Company's products is carried on by the Company itself and through independent laboratories, as discussed above in the section titled - "Results of Research on the Company's Products."

Research and Development Expenditures

Since the acquisition of Skinvisible Pharmaceuticals, Inc. in 1998, the Company spent the following amounts on research and development activities:

Year Ended	
December 31, 1998	$ 384,550
December 31, 1999	$ 68,228
December 31, 2000	$ 68,626
December 31, 2001	$ 39,840
December 31, 2002	$ 5,000

Manufacturing of the Skinvisible Products

Manufacturing is performed by SPI at its facility at 6320 S. Sandhill Road, Unit #10, Las Vegas, Nevada 89120. The manufacturing process consists of the manufacture of proprietary polymer-based delivery systems or product formulations incorporating the delivery systems and additional ingredients including active agents for specific applications. The manufacturing process starts with the delivery system ingredients and other ingredients in accordance with the amounts and the process prescribed by the proprietary formula. The combined ingredients are heated to critical temperatures as required to complete the manufacturing of the final polymer delivery system or formulation. The product is ready for bottling once the final polymer delivery system ingredients or product formulation has cooled. Once manufactured, the delivery system or product formulations utilizing it are stored on site pending shipment.

SPI has the capacity to produce approximately 500 gallons of formulated product per day.

The various ingredients used for the Company's formulations are supplied by a number of different chemical manufacturers. Neither the Company nor SPI have any long-term contractual arrangements with any of its suppliers. Ingredients are available from alternate suppliers in the event that the Company is not able to obtain ingredients from its current suppliers.

Marketing Efforts and Distribution Methods of the Products

On April 18, 2000, the Company's wholly owned subsidiary SPCI received its

Establishment License from Health Canada - Therapeutic Products Program - that allows it to import and distribute SPI's polymer-based delivery system product formulations in Canada. SPCI entered into a Warehouse & Distribution Agreement with Western Drug Distribution Center Limited ("WDDC"), whereby that company provided warehouse facilities and services in Edmonton, Alberta for SPCI's imported products, and acted on its behalf for Canadian product distribution requirements. SPCI entered into a separate agreement dated April 14, 2000, with WDDC whereby it would sell its Medical Formula antimicrobial skin care protector to WDDC on a wholesale basis, and they in turn would retail the product to veterinarian clinics in Western Canada. Canadian sales were less than anticipated during the term of the contracts and both agreements were terminated consistent with the cancellation provisions in November 30, 2001.

During the quarter ended March 31, 2000, the Company completed clinical laboratory tests for a new spray formulation of its brand name Safe4Hours Antibacterial Hand Sanitizer. On April 20, 2000, the Company formed a subsidiary named Safe4Hours, Inc. for the purpose of marketing Safe4Hours products, initially targeting retail markets.

In October 2000, the Company commenced a retail test-marketing program for its Safe4Hours 2oz. spray formula in 250 corporate-owned outlets of a specialty retailer of vitamins and nutritional supplements. In February 2001, the retailer due to the negative economic climate and a significant downturn in its overall sales discontinued the program.

The Company is currently re-evaluating its short-term strategies, in particular the viability of directly pursuing the highly competitive retail market versus focusing on the pursuit of private label business opportunities with existing retail suppliers/distributors that may offer higher revenue potential and significantly less strain on the Company's resources.

The Company has three Sales Agent Agreements with Minnesota based Glenn Corporation, New Jersey based Ultra Chemical Inc., and California based Coast Chemical, Inc. for the marketing and sales of its polymer-based delivery systems to established manufacturers and providers of topically administered products in the cosmetic and personal care industries.

Through one of its Sales Agents, the Company has received and shipped several orders for one of its polymer delivery systems to a major cosmetic manufacturer for pilot testing of lip care and skincare products. This manufacturer began purchasing production quantities in the third quarter of 2002.

In January 2002, the Company received and shipped a private label order for twelve 55-gallon drums of its sunscreen formulations, as well as three skin moisturizing products incorporating its proprietary polymer system. The purchaser, a direct sales company, has requested the Company to reformulate twenty additional products. The Company earns product development fees for products formulated.

In the fourth quarter of 2001, the Company entered into an agreement with a Biotech company to incorporate their active ingredient into one of the Company's proprietary polymer systems. This new product development continued into the first quarter of 2002.

The Company continues to pursue its primary long-term marketing objectives of licensing its delivery system technologies and/or selling its delivery systems to established manufacturers for enhanced product formulations and applications in the cosmetic, over-the-counter, and pharmaceutical skincare markets. In doing so, the Company presently relies on direct/internal sales efforts as well as a sales agent/broker network.

As part of its short-term strategy, the Company also continues to actively pursue private label business opportunities for its hand sanitizer and sunscreen formulations.

Competition

In terms of its current focus and long-term strategy, the Company's primary products have been identified as the licensing of its polymer-based delivery system technologies and sale of its delivery systems as ingredients for topically administered finished product applications in the prescription Rx and OTC treatment, cosmetic, and skincare formulations. Market research undertaken to date has indicated that at present there is reasonably limited competition for the Company's polymer-based delivery systems and related technologies; more specifically for delivery vehicles and technologies that offer the same performance capabilities for topically administered products. Two products and/or product developers identified as significant competitors have both been acquired by larger organizations during the past three years - in one case a competitive company was purchased by a significantly larger corporation who is presently utilizing the delivery system and technologies for internal finished product development; and in the second case, a competitive skincare delivery system and technology product was acquired by another company for continued marketing and sales purposes.

In terms of its short-term strategy for Safe4Hours antibacterial/antimicrobial hand sanitizers and private label business opportunities for the hand sanitizer formulations, it has been determined that the retail and commercial markets for hand care/instant hand sanitizers are highly competitive and dominated by large, established manufacturers. There are currently a number of products in the marketplace that make claims similar to the claims allowable for the Company's hand sanitizer products under the FDA's OTC Healthcare Antiseptic Tentative Final Monograph. In most cases, these products are offered by companies with well established and specialized distribution channels and significantly greater financial resources, thereby posing a strong competitive threat and creating a formidable barrier to the Company's direct entry into these markets.

In the medical and healthcare arena, the market is largely dominated by competitive instant hand sanitizer products such as Prevacare (Johnson & Johnson) and Purell (GOJO Industries). Other identified competitive products in this arena include Pure Guard and BioShield.

Key Employees

The Company has 1 employee, its President and SPI currently employs 3 individuals. All employees of the Company and SPI are full-time employees.

Mr. Terry Howlett, President of the Company, is paid a salary of $11,667 per month. The Company also reimburses Mr. Howlett for expenses incurred in connection with his duties as President of the Company.

Any growth in the number of employees will be largely dependent on the success of the Company's continuing sales efforts.

None of the employees of the Company or its subsidiaries are subject to collective bargaining agreements, nor have they been on strike, or threatened to strike, within the past three years.

Government Approvals and Regulation

State and federal authorities, most notably the Federal Food and Drug Administration, regulate the Company's products as they are used in final product formulations in both the Pharmaceutical and Cosmetic industries.

The Company is not subject to any significant or material environmental regulation in the normal operation of its business.

ITEM 2. Description of Property

The Company's head office is located in premises leased by SPI at 6320 South Sandhill Road, Suite 10, Las Vegas, Nevada 89120, where research & development, manufacturing, marketing and operational activities are carried on. The premises are comprised of 8,556 square feet of a mixed office and industrial facility, and are leased for a term of 4 years, which expired on May 31, 2002. The Company is currently leasing on a month-to-month In connection with the lease arrangement, SPI is obligated to make rental payments of $7,095 per month with minimal annual increases of 3%. Minimum rental commitments under the lease for this property for the period from January 1, 2002 to May 31, 2002 are $35,475. Negotiations are currently underway for a renewal of the lease for these premises.

The Company does not lease or own any real estate or personal property, however; SPI leases its telephone systems and owns a number of personal property items, including certain manufacturing and laboratory equipment, computers, fax machines, office furniture and furnishings.

ITEM 3. Legal Proceedings

The Company is not a party to any material legal proceedings and, to the company's knowledge, no such proceedings are threatened or contemplated.

ITEM 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended December 31, 2002.

PART II

ITEM 5. Market for Registrant's Common Equity and Related Stockholders Matters

Market Information

The shares of Skinvisible, Inc. are currently trading on the OTC Bulletin Board under the stock symbol SKVI. The first day in which the Company's shares traded was January 8, 1999. The high and the low bids for the Company's shares for each quarter of actual trading were:

Quarter	High	Low
1st Quarter 2000	$4.13	$2.13
2nd Quarter 2000	$2.38	$0.44
3rd Quarter 2000	$1.06	$0.28
4th Quarter 2000	$1.25	$0.31
1st Quarter 2001	$0.66	$0.22
2nd Quarter 2001	$0.40	$0.13
3rd Quarter 2001	$0.28	$0.08
4th Quarter 2001	$0.22	$0.08
1st Quarter 2002	$0.08	$0.08
2nd Quarter 2002	$0.07	$0.07
3rd Quarter 2002	$0.05	$0.05
4th Quarter 2002	$0.06	$0.05

The quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

As of December 31, 2002, Skinvisible, Inc. had approximately 192 registered shareholders. The Company has never issued any dividends and is unlikely to do so in the near future. There are no legal restrictions on the Company's ability to pay dividends on its common stock.

Recent Sales of Unregistered Securities

The following is a list of unregistered securities sold by the Company within the past fiscal year.

In January 2002, the Company issued a total of 264,775 shares of common stock to four (4) employees and one (1) consultant upon the exercise of their stock options granted pursuant to the Company's incentive stock option plan. These shares were issued at a price of $0.10 per share, for a total purchase price of $26,477.50.

On April 26, 2002, in consideration for services provided to the Company, a total of 1,250,000 restricted common shares were issued to three (3) directors and three (3) employees of the Company.

On April 26, 2002, as part of a loan conversion agreement, the Company issued 2,000,000 restricted common shares to one (1) accredited investor at a price of $0.05 per share as well as warrants for the purchase of 1,000,000 shares of common stock.

On June 7, 2002, as part of a loan conversion agreement, the Company issued 3,000,000 restricted common shares to one (1) accredited investor at a price of $0.05 per share as well as warrants for the purchase of 1,500,000 shares of common stock.

On November 12, 2002, the Company completed an offering of 6,478,000 restricted shares of the common stock at a price of $0.05 per share to a total of nineteen (19) accredited investors pursuant to Rule 506 of Regulation D of the 1933 Act. Skinvisible, Inc. also issued warrants for the purchase of 3,239,000 shares of the common stock. A commission in the amount of $25,900 was paid to 3 parties in connection with the completion of this offering.

ITEM 6. Management's Discussion and Analysis or Plan of Operation

The following is a discussion of certain factors affecting Registrant's results of operations, liquidity and capital resources. You should read the following discussion and analysis in conjunction with the Registrant's consolidated financial statements and related notes that are included herein under Item 7 below.

CAUTIONARY STATEMENTS FOR PURPOSES OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995.

The statements contained in the section captioned Management's Discussion and Analysis of Financial Condition and Results of Operations which are historical are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements represent the Registrant's present expectations or beliefs concerning future events. The Registrant cautions that such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Registrant to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the uncertainty as to the Registrant's future profitability; the uncertainty as to the demand for Registrant's services; increasing competition in the markets that Registrant conducts business; the Registrant's ability to hire, train and retain sufficient qualified personnel; the Registrant's ability to obtain financing on acceptable terms to finance its growth strategy; and the Registrant's ability to develop and implement operational and financial systems to manage its growth.

Skinvisible, Inc. (the "Company") is focused on the development of innovative topical polymer-based delivery systems and technologies, incorporating its proprietary process for combining hydrophilic and hydrophobic polymers into stable water emulsions. The Company's primary marketing objectives are to license its technologies and/or sell its delivery systems to established brand manufacturers and marketers of topical prescription Rx, over-the-counter, cosmetic and skincare products to provide enhanced performance capabilities.

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In January 2002 the Company received trademark approval in the U.S. for the name "Invisicare" to identify its family of polymer delivery systems. The Company is currently in the process of filing this trade name with the Cosmetic, Fragrance and Toiletries Association ("CFTA") as an ingredient for use in skincare and cosmetic formulations.

It is the Company's intention to direct its ongoing energies and resources towards:

Expanding research and development of its Invisicare delivery systems and related technologies;

Identifying additional applications and opportunities for its Invisicare delivery systems, either independently or in collaboration with established manufacturing and/or marketing companies;

Maximizing efforts for the licensing of its technologies and/or sale of its Invisicare delivery systems to manufacturers/marketers of topically administered Rx prescription, over-the-counter, cosmetic, and skincare products.

The Company is pursuing potential business opportunities, strategic alliances and collaborations directly and through sales agents/brokers. In this activity, the Company has targeted Rx pharmaceutical, over-the-counter, cosmetic, healthcare, and other brand manufacturers.

The Company has entered into a number of Confidentiality/Non-Disclosure Agreements during past two years and is presently undergoing negotiations or actively working with a variety of existing or potential customers for the purpose of developing or selling its products.

Patent Applications:

The Company filed a patent application in August 2001 for its Invisicare topical compositions and its methodology for manufacturing and utilization of numerous delivery systems and related applications.

In January 2000 the Company filed a patent application for its antimicrobial dermal barrier formulation, which utilized one of the Invisicare delivery systems. This initial application was intended to obtain patent protection for the Company's original finished skin protector product. This company received patent approval in February 2002.

Results of Operations

Net revenue for the twelve months ended December 31, 2002 increased to $183,690 from $55,800 for the twelve months ended December 31, 2001. This increase in revenue was mainly due to private label sales, product development fees charged to other pharmaceutical companies, and polymer sales to cosmetic manufacturers through the Company's sales agent/broker network. This is in line with the Company's re-directed focus of directly pursuing private label business opportunities with existing retail suppliers/distributors, as well as selling or licensing its delivery systems to established manufacturers for enhanced product formulations and applications in the cosmetic, over-the-counter, and pharmaceutical skincare markets.

Gross profit for the twelve months ended December 31, 2002 increased to $133,559 from $47,515 for the twelve months ended December 31, 2001.

The Company's operating expenses decreased to $989,215 for the twelve months ended December 31, 2002 from $1,606,207 for the twelve months ended December 31, 2001. This decrease in expenses was due to management's continuing efforts to reduce costs. The Company incurred marketing and selling expenses in the amount of $8,124 for the twelve months ended December 31, 2002 compared with $26,408 for the twelve months ended December 31, 2001.

The Company incurred general and administrative costs in the amount of $981,091 for the twelve months ended December 31, 2002 compared with $1,579,799 for the twelve months ended December 31, 2001. Some of these general and administrative costs included the following: Professional fees in the amount of $36,449 for the twelve months ended December 31, 2002 compared to $42,418 for the same period in 2001; Salaries and Wages which decreased to $407,575 for the twelve months ended December 31, 2002, compared with $540,128 for the twelve months ended December 31, 2001; and Outside Management Consultant costs in the amount of $30,824 for the twelve months ended December 31, 2002, compared to $342,559 for the twelve months ended December 31, 2001.

The Company had net losses of $855,656 for the twelve months ended December 31, 2002, down from $1,558,692 for the same period ended December 31, 2001. The losses were funded by various financings and short-term loans obtained during the period. Generally, the reduction in net losses was the result of the cost savings realized by the Company's change in marketing focus and its continuing efforts to trim operating expenditures. The loss per share for the twelve months ended December 31, 2002, was $0.03, down from a loss of $0.09 per share for the same period in 2001.

During the period ended December 31, 2002 the Company retired and abandoned leasehold improvements and an outdated computer system with an original cost of $64,599 and accumulated depreciation of $64,169 resulting in a net loss of $430.

The Company anticipates that losses will likely continue into the foreseeable future, until sufficient revenues are generated to cover its reduced operating expenditures.

Liquidity and Capital Resources

The Company's operations have been financed principally through a combination of private sales of the Company's equity securities and short-term loans.

The Company had cash of $4,622 as of December 31, 2002, compared to $2,335 as of December 31, 2001. The Company has outstanding loans payable with interest in the amount of $149,124 as of December 31, 2002.

The Company had accounts payable and accrued expenses in the amount of $463,187 as of December 31, 2002, compared to $424,094 as of December 31, 2001. Until revenues increase or the Company receives additional funding, certain creditors and employees have agreed to defer receipt of payments or salaries, respectively. This accounts for the rise in our accounts payable and accrued expenses.

Cash used in operating activities for the twelve months ended December 31, 2002 decreased to $786,066 down from $1,186,289 for the twelve months ended December 31, 2001. This can be mainly attributed to a decrease in the use of outside consultants, a decrease in staffing, and an increase in accounts payable and accrued expenses as outlined in the previous paragraph.

Cash used in investing activities for the twelve months ended December 31, 2002 and 2001, was $16,907 and $26,467 respectively.

Future issuances of the Company's equity or debt securities will be required in order for the Company to clear up some of its debt and continue to finance its operations, as the Company's present revenues are insufficient to meet operating expenses. Present revenues have increased slightly due to the Company's re-directed focus of pursuing private label business opportunities, charging product development fees, as well as sales of its polymer delivery systems. The Company will continue with these efforts as well as pursue possible licensing of its delivery systems to established manufacturers in the cosmetic, over-the-counter, and pharmaceutical skincare markets. The Company periodically revises its plan of operations as new situations arise. Over the next twelve months ending December 31, 2003, the Company expects to realize approximately $897,000 from operating revenues after deduction of costs of goods sold. These projected revenues are comprised of private label sales of the polymer-based formulations, product development fees, royalties, as well as sales of its polymer-based delivery systems or licensing of its polymer-based delivery system technologies. In that same twelve-month period, the Company anticipates incurring approximately $745,000 in operating expenses. Additional debt or equity financing may need to be raised if the company has a shortfall in projected operating revenue to cover the projected operating expenses.

The Company is presently undertaking a search for additional equity financing in the form of a private placement to cover these anticipated expenses and expected operational losses as well a pay accounts payable. The failure to obtain such financing in a timely manner would have a significant negative effect on the future operations and may result in the Company being forced to cease operations.

ITEM 7. Financial Statements

The information required by this item is set forth in Item 13 of this Report.

ITEM 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company had no changes in or disagreements with its accountants on accounting or financial disclosures.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

The following information sets forth the names of the officers and directors, their present positions, and some brief information about their background.

Skinvisible, Inc.

Name	Office(s) Held
Terry Howlett	Director, President, Secretary,Treasurer
Carol Patterson Neves	Director
Jost Steinbruchel	Director

Skinvisible Pharmaceuticals, Inc.

Name	Office(s) Held
Terry Howlett	Director, President Secretary & Treasurer

Safe4Hours, Inc.

Name	Office(s) Held
Terry Howlett	Director, President, Secretary & Treasurer

Skinvisible Pharmaceuticals (Canada) Inc.

Name	Office(s) Held
Terry Howlett	President, Director, Secretary & Treasurer

Mr. Terry H. Howlett, (age 55) has been the Company's President & 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.

Ms. Carol Patterson Neves, (age 67) has been the Company's Director since October 31, 2000. Ms. Neves has over 40 years of experience in financial markets. She worked with Merrill Lynch, Pierce, Fenner & Smith (New York) from 1955, to 1996, in a number of capacities including ten years as Vice

President/Senior Research Analyst and subsequently another ten years as First Vice President. She is a graduate of the Harvard Business School and received her MBA in Finance from New York University. Ms. Neves was elected to ``Institutional Investor Magazine's All-American Research Team'' for thirteen consecutive years; and in 1989 was named one of the world's top eight financial analysts by UK's ``Corporate Finance'' magazine. Ms. Neves currently provides financial analysis and conclusions to clients on a contractual fee basis.

Jost Steinbruchel, (age 62) has been the Company's Director since February 17, 1999. Mr. Steinbruchel has operated his own company since 1984, in Geneva Switzerland specializing in financial engineering in international trade throughout a wide network of banking relations, principally in Europe, China, Australia and Africa. Previously, he spent 20 years of his professional career as an executive in international banking with Lloyds of London, Citicorp and Credit Suisse. Mr. Steinbruchel has a law degree from Sorboure, Paris.

Terms of Office

The Company's directors are appointed for one year terms to hold office until the next annual general meeting of the stockholders or until removed from office in accordance with the Company's by-laws. Officers of the Company are appointed by its board of directors and hold office until removed by the board.

Significant Employees

The Company does not have any employees who are not directors or officers that are expected to make a significant contribution to the business.

Section 16(a) Beneficial Ownership Reporting Compliance

The following persons have failed to file, on a timely basis, the identified reports required by section 16(a) of the Exchange Act during the most recent fiscal year.

Name and principal position	Number of Late Reports	Transactions Not Timely Reported	Known Failures To File a Required Form
Terry Howlett, Director, President, CEO	0	0	None
Carol Patterson Neves, Director	0	0	None
Jost Steinbruchel, Director	0	0	None
James Pesklevits Secretary & Treasurer	0	0	None

ITEM 10. Executive Compensation

The following table sets forth certain information as to the Company's highest paid executive officers and directors for the last three fiscal years.

Annual Compensation Table

	Annual Compensation	Long Term Compensation

Name	Title	Fiscal Year	Salary	Bonus	Other Annual Com- pen- sation	Restricted Stock Awarded	Options/ SARs*(#)	LTIP payouts($)	All Other Com- pen- sation
Terry Howlett	President	2000	120,000	0	0	0	300,000	0	
	Director	2001	66,568	0	0	0	300,000	0	
		2002	27,836	0	0	0	0	0	
Carol	Director	2000	$ 0	0	0	0	50,000	0	
Patterson		2001	0	0	0	0	0	0	
Neves		2002	0	0	0	0	0	0	
Jost	Director	2000	$ 0	0	0	0	50,000	0	
Steinbruchel		2001	0	0	0	100,000	100,000	0	
		2002	0	0	0	0	0	0	
Jan	Director	2000	$ 0	0	0	0	50,000	0	
Mellegers*		2001	0	0	0	0	0	0	
		2002	0	0	0	0	0	0	
James	Past Sec.	2001	62,869	$0	0	60,000	50,000	0	
Pesklevits	Treas.	2002	0	0	0	0	0	0	
Cheryl	Past Dir.,	2000	$ 0	0	$58,718	0	60,000	0	
Claeys**	Sec. Treas.	2001	$ 0	0	54,225	60,000	0	0	
(Canada)		2002	0	0	0	0	0	0	

In addition, certain of the officers are provided an automobile allowance for use of their vehicles for Company business and have and/or will receive stock options to purchase shares of the Company.

Stock options that were granted to previous officers and directors expired shortly days after their respective resignation dates.

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* Jan Mellegers did not run for re-election as a Director at the Company's Annual General Meeting of the Shareholders of Skinvisible, Inc. held on July 20, 2001.

** The annual compensation listed above for Cheryl Claeys was in exchange for services rendered relative to business consulting, corporate development, and general communications, and was paid to her company CJ Claeys Consulting Services.

ITEM 11. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of December 31, 2002, the beneficial ownership of the Company's Common Stock by each person known by the Company to beneficially own more than 5% of the Company's Common Stock outstanding as of such date and by the officers and directors of the Company individually and as a group. Except as otherwise indicated, all shares are owned directly.

Title of class	Name and address of beneficial owner	Amount of beneficial ownership	Percent of class(1)
Common	Terry Howlett Director, President Secretary, Treasurer	5,425,000	15.6%
Common	Carol Patterson Neves Director	150,000	0.39%
Common	Jost Steinbruchel Director	750,000	1.93%
Common	Lutz Family Trust.	11,117,500	31.09%
Common	All Officers and Directors as a Group (3 persons)	6,635,000	17.92%

(1) Based on 38,789,808 shares of common stock issued and outstanding as of December 31, 2002.

The following table shows the issued and outstanding stock options held by the officers and directors of the Company as of December 31, 2002. The options were granted in accordance with the adoption of the Stock Option plan of the Company on January 8, 1999.

Name	Exercise Price	No. of Options	Term of Option
Terry Howlett	$0.05	900,000	5 years
Carol Patterson Neves	$0.05	150,000	5 years
Jost Steinbruchel	$0.05	200,000	5 years

ITEM 12. Certain Relationships and Related Transactions

None of the following persons has any direct or indirect material interest in any transaction to which the Company is a party since the incorporation of the Company in March 1998, or in any transaction to which the Company is proposed to be a party:

(a) any director or officer;
(b) any proposed nominee for election as a director;
(c) any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to the Company's common stock; or
(d) any relative or spouse of any of the foregoing persons, or any relative of such spouse, who has the same house as such person or who is a director or officer of any parent or subsidiary

The Company's policy regarding related transactions requires that any director or officer who has an interest in any transaction disclose the presence and the nature of the interest to the board of directors prior to any approval of the transaction by the board of directors. The transaction may then be approved by a majority of the disinterested directors, provided that an interested director may be counted in determining the presence of a quorum at the meeting of the board of directors to approve the transaction. The Company's policy regarding compensation for directors and officers is that the board of directors may, without regard to personal interest, establish the compensation of directors for services in any capacity.

Item 13. Exhibits, Financial Statement Schedules and Reports on Form 8-K

Exhibits and Reports Filed on Form 8K

None

Financial Statements

The Company's audited financial statements as described below, are attached hereto.

1. Audited Consolidated Financial Statements for the periods ending December 31, 2002, and 2001, including:

(a) Independent Auditors' Report;

(b) Consolidated Balance Sheet;

(c) Consolidated Statement of Operations and Accumulated Deficit;

(d) Consolidated Statement of Changes in Shareholders' Equity;

(e) Consolidated Statement of Cash flows;

(f) Notes to Consolidated Financial Statements

SKINVISIBLE, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

WITH

INDEPENDENT AUDITOR'S REPORT THEREON

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Skinvisible, Inc.

We have audited the accompanying consolidated balance sheet of Skinvisible, Inc., and subsidiaries as of December 31, 2002, and 2001 and the related consolidated statements of operations and accumulated deficit, changes in stockholders' equity, and statement of cash flows for the years then ended. These consolidated financial statements are the responsibility of management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 financial statement presentation. We believe that our audits provide 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. and subsidiaries as of December 31, 2002, and 2001, and the results of their operations, changes in stockholders' equity and cash flows for the year ended December 31, 2002, and 2001, in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 7 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 7. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Sarna & Company
Westlake Village, California
March 28, 2003

SKINVISIBLE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

ASSETS	DECEMBER 31 2002	DECEMBER 31 2001
Current Assets		
Cash	$ 4,622	$ 2,335
Accounts Receivable	44,773	7,904
Inventory	123,706	124,328
Prepaid Expenses	3,088	3,321
Prepaid License Fee	50,000	50,000
Total Current Assets	226,189	187,888
Property and Equipment		
Furniture and Equipment	138,767	135,434
Laboratory Build-Out	268,754	332,318
Total Property and Equipment	407,521	467,752
Less Accumulated Depreciation	(216,046)	(214,634)
Net Property and Equipment	191,475	253,118
Other Assets - Exclusive Distribution Rights	200,000	200,000
- Patents & Trademarks	30,071	17,532
- Prepaid Royalty	1,000,000	1,000,000
- Deposits	225	725
Total Other Assets	1,230,296	1,218,257
TOTAL ASSETS	$1,647,960	$1,659,263

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts Payable and Accrued Expenses	$ 463,187	$ 424,094
Loan Payable	149,124	242,992
Total Current Liabilities	612,311	667,086

Stockholders' Equity		
Common Stock, $0.001 par value 100,000,000 shares authorized, 38,789,808 and 21,052,033 shares issued	38,790	21,052
Additional paid in capital	9,442,838	8,561,448
Accumulated Deficit	(8,445,979)	(7,590,323)
Total Stockholders' Equity	1,035,649	992,177
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,647,960	$1,659,263

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SKINVISIBLE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

	YEAR ENDED DECEMBER 31 2002	2001
Revenues	$ 183,690	$ 55,800
Cost of Sales		
Beginning Inventory	124,328	141,354
Purchases	51,723	12,888
Total Available	176,051	154,242
Less: Ending Inventory	(123,706)	(124,328)
Sample Distribution	(2,214)	(21,629)
Total Cost of Sales	50,131	8,285
Gross Profit	133,559	47,515
Operating Expenses	(989,215)	(1,606,207)
Loss Before Provision for Income Taxes	(855,656)	(1,558,692)
Provision for Income Taxes	(0)	(0)
Net Loss	(855,656)	(1,558,692)
Accumulated Deficit, Beginning of Year	(7,590,323)	(6,031,631)
Accumulated Deficit, End of Year	$(8,445,979)	$(7,590,323)
Net Loss per Share	$ (0.03)	$ (0.09)
Weighted Average Shares Outstanding	25,658,525	16,992,033

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SKINVISIBLE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	YEAR ENDED DECEMBER 31 2002	2001
Shares of Common Stock Issued:		
Beginning Balance	21,052,033	14,122,033
Issuance Pursuant to:		
Stock Offering	17,448,000	6,930,000
Stock Option Plan	0	0
Contract Settlements	289,775	0
Ending Balance	38,789,808	21,052,033
Common Stock Par Value		
Beginning Balance	$ 21,052	$ 14,122
Issuance Pursuant to:		
Stock Offering	17,448	6,930
Stock Option Plan	290	0
Ending Balance	38,790	21,052
Additional Paid in Capital		
Beginning Balance	8,561,448	7,361,778
Issuance Pursuant to:		
Stock Offering	853,952	1,199,670
Stock Option Plan	27,438	0
Ending Balance	9,442,838	8,561,448
Accumulate Deficit		
Beginning Balance	(7,590,323)	(6,031,631)
Net Loss	(855,656)	(1,558,692)
Ending Balance	(8,445,979)	(7,590,323)
Total Stockholders' Equity	$1,035,649	$ 992,177

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SKINVISIBLE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED

DECEMBER 31

	2002	2001
Cash Flows from Operating Activities:		
Net Loss	$(855,656)	$(1,558,692)
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities		
Depreciation	65,581	78,798
Loss on Disposal of Fixed Assets	430	0
(Increase) Decrease in:		
Accounts Receivable	(37,121)	3,992
Inventory	622	17,026
Advances	252	(1,455)
Other Assets - Deposits	500	0
- Prepaid Expenses	233	9,451
Increase (Decrease) in:		
Accounts Payable and		
Accrued Expenses	39,093	264,591
Net Cash Used by Operating Activities	(786,066)	(1,186,289)
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(4,368)	(8,935)
Patents & Trademarks	(12,539)	(17,532)
Net Cash Used by Investing Activities	(16,907)	(26,467)
Cash Flows from Financing Activities:		
Payment of Loan Principal	(93,868)	(382)
Net Proceeds from the Issuance of		
Common Stock	899,128	1,206,600
Net Cash Provided by Financing Activities	805,260	1,206,218
Net Increase (Decrease) in Cash	2,287	(6,538)
Cash at Beginning of Year	2,335	8,873
Cash at End of Year	$ 4,622	$ 2,335
Supplemental Disclosure:		
Interest Paid	$ 31,627	$ 29,722

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SKINVISIBLE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Skinvisible, Inc. (formerly Microbial Solutions, Inc.) was incorporated on March 6, 1998 in the state of Nevada. Skinvisible, Inc. immediately acquired 100% ownership of Skinvisible Pharmaceutical, Inc. (formerly Manloe Labs, Inc.) also a Nevada corporation.

Skinvisible, Inc. and its subsidiaries, (collectively referred to as the "Company" or "SKVI") 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. Skinvisible'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 at Las Vegas, Nevada.

Name Change

On February 26, 1999, the company completed the legal process of changing its name from Microbial Solutions, Inc. to Skinvisible, Inc. The subsidiary's name of Manloe Labs, Inc. was also changed on February 26, 1999 to Skinvisible Pharmaceuticals, Inc.

During 1999, the company also formed a subsidiary titled Skinvisible International, Inc. and Skinvisible Pharmaceuticals (Canada), Inc. On January 1, 2000, the Company decided to discontinue operations of its subsidiary, Skinvisible International, Inc.

On April 20, 2000, the Company formed a subsidiary titled Safe4Hours, Inc. for the purpose of marketing its own proprietary brands of products.

Basis of Presentation

The consolidated financial statements include the accounts of Skinvisible, Inc. and it's subsidiaries, Skinvisible Pharmaceuticals, Inc., Skinvisible Pharmaceuticals (Canada), Inc., and Safe4Hours, Inc. All material intercompany balances have been eliminated.

The Company reports revenue and expenses using the accrual method of accounting for financial and tax reporting purposes. All reported amounts are in US dollars.

SKINVISIBLE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Pro Forma Compensation Expense

SKVI accounts for costs of stock-based compensation in accordance with APB No. 25, "Accounting for Stock Based Compensation" instead of the fair value based method in SFAS No. 123. No pro forma compensation expense is reported in these financial statements for the period ended December 31, 2002.

Inventories

Inventories are accounted for on an average cost first-in first-out basis.

Inventory at any given time consists of raw materials, products and packaging held for resale.

Property and Equipment

Property and equipment are stated at historical cost.

Depreciation, Amortization and Capitalization

The Company records depreciation and amortization using both straight-line and declining balance methods over the estimated useful life of the assets (five to seven years).

Expenditures for maintenance and repairs are charged to expense as incurred. Additions, major renewals and replacements that increase the property's useful life are capitalized. Property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts and the resultant gain or loss is included in net income.

SKINVISIBLE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes

The company accounts for its income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". Under Statement 109, a liability method is used whereby deferred tax assets and liabilities are determined based on temporary differences between basis used for financial reporting and income tax reporting purposes. Income taxes are provided based on tax rates in effect at the time such temporary differences are expected to reverse. A valuation allowance is provided for certain deferred tax assets if it is more likely than not, that the Company will not realize the tax assets through future operations.

Fair Value of Financial Instruments

Financial accounting Standards Statement No. 107, "Disclosures About Fair Value of Financial Instruments", requires the Company to disclose, when reasonably attainable, the fair market values of its assets and liabilities which are deemed to be financial instruments. The Company's financial instruments consist primarily of cash and certain investments.

Per Share Information

The Company computes per share information by dividing the net loss for the period presented by the weighted average number of shares outstanding during such period. The effect of common stock equivalents would be antidilutive and is not included in net loss per share calculations.

NOTE 2 - PROVISION FOR INCOME TAXES

The provision for income taxes for the periods ended December 31, 2002, and 2001 represents the minimum state income tax expense of the Company, which is not considered significant.

NOTE 3 - LOAN PAYABLE

During the periods ended December 31, 2002, and 2001 the Company had unsecured loans payable with an interest rate of 10% per annum. As of December 31, 2002, outstanding loans payable with interest were in the amount of $149,124.

SKINVISIBLE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - LOSS ON DISPOSAL OF ASSETS

During the period ended September 30, 2002 the Company retired and abandoned leasehold improvements and an outdated computer system with an original cost of $64,599 and accumulated depreciation of $64,169 resulting in a net loss of $430.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The company presently leases 8556 square feet of manufacturing and office space on a month-to-month basis. The company's operating lease terminated on May 31, 2002 and negotiations are currently underway for a renewal of the lease for these premises.

Litigation

In September 2001, the Company was served as a defendant in a lawsuit involving Great America Leasing Corporation. The case related to the lease of a telephone system and was settled out of court in October 2002. The settlement did not have any material financial impact on the Company.

Licensing, Royalty and Consulting Agreements

The Company has currently entered into, and will continue to enter into, product licensing, royalty and consulting agreements that the Company's board of directors determines will enhance the Company's ability to market innovative products in a competitive field.

At December 31, 2002, the company has future royalty payment commitments totaling approximately $778,000.

NOTE 6 - STOCK OPTIONS

During the period ended December 31, 2002, the Company had outstanding stock options with exercise prices of $0.05 per share, as incentives for employee and consultant performance. Options on 1,732,000 shares of common stock were outstanding at December 31, 2002. The exercise of any or all of these options would cause reported losses per share to decrease.

SKINVISIBLE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - GOING CONCERN

Future issuances of the Company's equity or debt securities will be required in order for the Company to continue to finance its operations, as the Company's present revenues are insufficient to meet operating expenses.

The consolidated financial statements of the Company have been prepared assuming that the Company will continue as a going concern, which contemplates, among other things, the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred cumulative net losses of $8,445,979 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.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Skinvisible, Inc.

/s/ Terry Howlett
- - -------------------
Terry Howlett,
President and Director

Date: March 31, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, the following persons on behalf of the registrant and in the capacities and on the dates indicated have signed this report below.

Nutek, Inc.

/s/ Terry Howlett

- - ------------------------
Terry Howlett, President
Date: March 31, 2003

CONSENTS OF EXPERTS AND COUNSEL

Sarna & Company
Certified Public Accountants
Street address
West Lake Village, CA

INDEPENDENT AUDITORS' REPORT
Board of Directors

Skinvisible, Inc.
6320 S. Sandhill Rd.d, Suite #10
Las Vegas, Nevada 89120

March 31, 2003

To Whom It May Concern:

Sarna & Company., consents to the inclusion of our report of March 28, 2003 on the Financial Statements of Skinvisible, Inc., as of December 31, 2002 and 2001, in any filings that are necessary now or in the near future with the U.S. Securities and Exchange Commission.

Very Truly yours,

/s/ Sarna & Company
- - --------------------------------
Sarna & Company

Exhibit 99(i)

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350
AS ADOPTED PURSUANT TO
SECITON 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Skinvisible, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date therein specified (the "Report"), I, Terry Howlett, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all

material respects, the financial condition and results of operations of the Company.

/s/ Terry Howlett

TERRY HOWLETT, Chief Executive Officer

Dated: March 31, 2003