VIADERMA INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017
(UNAUDITED)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

VIADERMA, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2017 AND DECEMBER 31, 2016
(UNAUDITED)

	June 30, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash	$ 10,407	$ 9,843
Due from related party	1,860	-
Accounts receivable - related party	371,565	371,565
Inventory	1,488	700
Prepayment	7,525	-
TOTAL CURRENT ASSETS	392,845	382,108
Furniture & equipment (net of accumulated depreciation of $3,856 and $3,374, respectively)	964	1,446
NET FURNITURE & EQUIPMENT	964	1,446
Patents	2,950	2,950
TOTAL ASSETS	$ 396,759	$ 386,504
LIABILITIES AND STOCKHOLDERS' (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ 3,800	$ 3,800
Accrued interest payable	336,736	308,204
Accrued expenses	14,328	2,328
Convertible line of credit (net of discount of $51,439 and $7,706)	27,086	6,219
Convertible notes payable (net of discount of $54,082 and $35,507)	292,833	300,410
Derivative liabilities	253,232	52,351
TOTAL CURRENT LIABILITIES	$ 928,015	$ 673,312
STOCKHOLDERS' (DEFICIT)		
Preferred stock ($.001 par value, 50,000,000 shares authorized; 31,000,000 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively)	31,000	1,000
Common stock ($.0001 par value, 400,000,000 shares authorized; 380,214,603 and 262,319,103 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively)	38,021	26,232
Additional paid in capital	7,836,976	6,972,229
Deferred compensation	(525,000)	
Retained deficit	(7,912,253)	(7,286,269)
TOTAL STOCKHOLDERS' (DEFICIT)	(531,256)	(286,808)
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)	$ 396,759	$ 386,504

The accompanying notes are an integral part of these financial statements

VIADERMA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(UNAUDITED)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
REVENUES:				
Sales	$ 1,300	$ 57,725	$ 19,800	$ 126,073
Total revenues	1,300	57,725	19,800	126,073
Cost of sales	(296)	(1,157)	(4,146)	(2,314)
Gross profit (loss)	1,004	56,568	15,654	123,759
EXPENSES:				
Depreciation	241	241	482	482
Stock based compensation	119,250	-	119,250	-
Professional fee	71,000	-	78,000	-
Advertising	1,750	-	3,850	-
Officer compensation	60,000	-	120,000	-
Meals and entertainment	286	-	481	135
Rent	537	2,499	984	4,998
Other selling, general and administrative expenses	40,547	67,193	49,202	108,965
Total expenses	293,611	69,933	372,249	114,580
Income from operations	$ (292,607)	$ (13,365)	$ (356,595)	$ 9,179
OTHER (EXPENSE):				
Change in derivative liabilities expense	(159,628)	230	(159,674)	(15,394)
Amortization of discount to note payable	(43,187)	(23,964)	(62,292)	(116,094)
Interest expense	(18,442)	(31,701)	(47,423)	(64,213)
Total other (expense)	(221,257)	(55,435)	(269,389)	(195,701)
NET (LOSS)	$ (513,864)	$ (68,800)	$ (625,984)	$ (186,522)
Basic and fully diluted net (loss) per common share	**	**	**	**
Weighted average common shares outstanding	362,853,492	128,215,864	331,794,509	122,662,292

** Less than $.01

The accompanying notes are an integral part of these financial statements

VIADERMA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2016 AND FOR THE SIX MONTHS ENDED JUNE 30, 2017
(UNAUDITED)

	Preferred Stock		Common Stock		Deferred	Paid-in	Deferred	Retained	
	Shares	Amount	Shares	Amount	Compensation	Capital	Compensation	(Deficit)	Total
Balances, December 31, 2014	1,666,667	$ 1,667	77,612,116	$ 7,761	$ (38,121)	$ 6,298,534	$ -	$ (7,191,584)	$ (921,743)
Conversion of preferred stock	(666,667)	(667)	6,666,670	667		-			-
Common stock issued for partial settlement of convertible note			24,764,001	2,476		294,693			297,169
Common stock issued for services rendered					38,121				38,121
Common stocks issued for partial settlement of convertible note			2,000,000	200		2,500			2,700
Reclassification of derivative liability associated with debt conversion						2,729			2,729
Net income for the year ended December 31, 2015								27,121	27,121
Balances, December 31, 2015	1,000,000	$ 1,000	111,042,787	$ 11,104	$ -	$ 6,598,456	$ -	$ (7,164,463)	$ (553,903)
Intrinsic value of beneficial conversion feature						194,799			194,799
Common stocks issued for partial settlements of convertible notes			151,276,316	15,128		75,247			90,375
Reclassification of derivative liability associated with debt conversion						103,727			103,727
Net (loss) for the nine months ended December 31, 2016								(121,806)	(121,806)
Balances, December 31, 2016	1,000,000	$ 1,000	262,319,103	$ 26,232	$ -	$ 6,972,229	$ -	$ (7,286,269)	$ (286,808)
Intrinsic value of beneficial conversion feature						64,600			64,600
Common stocks issued for partial settlements of convertible notes			113,395,500	11,340		62,555			73,895
Stock based compensation			4,500,000	450		118,800			119,250
Preferred stock issued for services	30,000,000	$ 30,000		-		600,000	(525,000)		105,000
Reclassification of derivative liability associated with debt conversion						18,793			18,793
Net (loss) for the period ended June 30, 2017								(625,984)	(625,984)
Balances, June 30, 2017	31,000,000	$ 31,000	380,214,603	$ 38,021	$ -	$ 7,836,976	$ (525,000)	$ (7,912,253)	$ (531,256)

The accompanying notes are an integral part of these consolidated financial statements.

VIADERMA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(UNAUDITED)

	For the Six Months Ended June 30, 2017	June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (625,984)	$ (186,522)
Adjustments to reconcile net (loss) to net cash (used in) operations:		
Depreciation	482	482
Common Stock issued for services rendered	224,250	-
Convertible note issued for services rendered	66,000	
Derivative liabilities expense	159,674	15,394
Amortization of discount to note payable	62,292	116,094
Changes in operating assets and liabilities:		
Due from related party	(1,860)	-
Inventory	(788)	(6,000)
Prepayment	(7,525)	
Accrued interest payable	47,423	64,213
Accrued expenses	12,000	5,100
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(64,036)	8,761
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	64,600	5,964
NET CASH PROVIDED BY FINANCING ACTIVITIES	64,600	5,964
NET INCREASE IN CASH AND CASH EQUIVALENTS	564	14,725
CASH AND CASH EQUIVALENTS,		
BEGINNING OF THE PERIOD	9,843	18
END OF THE PERIOD	$ 10,407	$ 14,743
Supplemental disclosures of non-cash investing and financing activities:		
Stock issued to settle partial accrued interest	$ 18,891	$ 11,848
Stock issued to settle partial convertible notes	$ 55,002	$ 152
Debt discount issued with convertible notes	$ 124,600	$ -
Notes payable issued for accrued expenses	$ -	$ 2,000

The accompanying notes are an integral part of these financial statements

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States ("GAAP").

NOTE 2 – ORGANIZATION AND BUSINESS BACKGROUND

ViaDerma, Inc. ("VDRM" or the "Company") was incorporated under the laws of the State of Florida on January 11, 2007 as Murals by Maurice, Inc. On July 1, 2009, the Company changed its name to Décor Products International, Inc. and redomiciled to the State of Nevada on April 6, 2010. The Company again changed its name to ViaDerma, Inc. on May 6, 2014 to reflect the Plan of Exchange disclosed below. The Company's common shares are quoted on the "Pink Sheets - Other" quotation market under the symbol "VDRM".

On March 21, 2014, a Plan of Exchange (the "Exchange") was executed between and among the Company, ViaDerma II Inc., a Nevada corporation, the majority stockholder of the Company and the majority stockholder of ViaDerma, II Inc. ("ViaDerma Stockholders"), pursuant to which the Company acquired 100% of the Capital Shares of ViaDerma in exchange for an issuance by the Company of 44,000,000 shares of Common Stock to ViaDerma Stockholders, and/or their assigns. The above issuance gave ViaDerma Stockholders and/or their assigns a 'controlling interest' in the Company representing approximately 98.52% of the then issued and outstanding shares of the Company's Common Stock. The transaction resulted in a change in control of the Company. The Company and ViaDerma were hereby reorganized, such that the Company acquired 100% of the Capital Shares of ViaDerma, and ViaDerma, II Inc. became a wholly-owned subsidiary of the Company.

The reorganization between the Company and ViaDerma has been accounted for as a reverse acquisition and recapitalization of the Company whereby ViaDerma, II Inc. is deemed to be the accounting acquirer (legal acquiree) and the Company to be the accounting acquiree (legal acquirer). The accompanying consolidated financial statements are in substance those of ViaDerma, II Inc., with the assets, liabilities, revenues and expenses, of the Company being included effective from the date of stock exchange transaction. The Company is deemed to be a continuation of the business of ViaDerma. Accordingly, the accompanying consolidated financial statements include the following:

(1) The balance sheet consists of the net assets of the accounting acquirer at historical cost and the net assets of the accounting acquiree at historical cost;

(2) The financial position, results of operations, and cash flows of the accounting acquirer for all periods presented as if the recapitalization had occurred at the beginning of the earliest period presented and the operations of the accounting acquiree from the date of stock exchange transaction.

The Company and its subsidiary, ViaDerma, II Inc., are hereinafter referred to as (the "Company").

The Company, through its subsidiary, is mainly engaged in the manufacture and sales of pharmaceutical related products in the United States of America.

NOTE 3 – GOING CONCERN UNCERTAINTIES

The accompanying condensed consolidated financial statements have been prepared using the going concern basis of accounting, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

As of June 30, 2017, the Company was in default on the repayment of certain convertible notes and promissory notes with an aggregate principal amount of $213,500, which are immediately due and payable. The continuation of the Company as a going concern through December 31, 2017 is dependent upon the continuing financial support from its stockholders or negotiation of repayment term. Management believes the existing shareholders will provide the additional cash to meet the Company's obligations as they become due.

These factors raise substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets and liabilities that may result in the Company not being able to continue as a going concern.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying condensed consolidated financial statements reflect the application of certain significant accounting policies as described in this note and elsewhere in the accompanying condensed consolidated financial statements and notes.

- Use of estimates

In preparing these condensed consolidated financial statements, management makes estimates and assumptions that affect the reported amount of assets and liabilities in the balance sheets and revenues and expenses during the periods reported. Actual results may differ from these estimates.

- Basis of consolidation

The condensed consolidated financial statements include the accounts of VDRM and its subsidiary. All significant inter-company balances and transactions within the Company have been eliminated upon consolidation.

- Cash and cash equivalents

Cash and cash equivalents are carried at cost and represent cash on hand, demand deposits placed with banks or other financial institutions and all highly liquid investments with an original maturity of three months or less as of the purchase date of such investments.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Accounts receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company extends unsecured credit to its customers in the ordinary course of business but mitigates the associated risks by performing credit checks and actively pursuing past due accounts. An allowance for doubtful accounts is established and determined based on managements' assessment of known requirements, aging of receivables, payment history, the customer's current credit worthiness and the economic environment. As of June 30, 2017 and December 31, 2016, the Company had accounts receivable of $371,565 and $371,565, respectively, all of which were from related parties, and the allowance for uncollectible accounts was $0. See Note 5 for detailed discussion.

- Patents

The Company developed several patents for its products. Costs incurred for submitting the applications to the United States Patent and Trademark Office for these patents have been capitalized. Patent costs are being amortized using the straight-line method over the related 15 year lives. The Company begins amortizing patent costs once a filing receipt is received stating the patent serial number and filing date from the Patent Office.

- Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on the straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values:

	Expected useful lives
Furniture	7 years
Office equipment	5 years

Expenditure for repairs and maintenance is expensed as incurred. When assets have retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the other income / (expenses) section of the Statement of Operations.

During the six months ended June 30, 2017 and 2016, the Company had depreciation expenses of $482 and $482, respectively.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Valuation of long-lived assets

In accordance with the provisions of Accounting Standards Codification ("ASC") Topic 360-10-5, "*Impairment or Disposal of Long-Lived Assets*", all long-lived assets such as plant and equipment and construction in progress held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is evaluated by a comparison of the carrying amount of assets to estimated discounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets. There has been no impairment charge for the period presented.

- Revenue recognition

In accordance with ASC Topic 605, "*Revenue Recognition*", the Company recognizes revenue when persuasive evidence of an arrangement exists, transfer of title has occurred or services have been rendered, the selling price is fixed or determinable and collectibility is reasonably assured. Cost of goods sold consists primarily of material costs which are directly attributable to the manufacture of products.

- Income taxes

Income taxes are determined in accordance with ASC Topic 740, "Income *Taxes*" ("ASC 740"). Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Any 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.

ASC 740 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under ASC 740, tax positions must initially be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

For the six months ended June 30, 2017, the Company did not have any interest and penalties associated with tax positions. As of June 30, 2017, the Company did not have any significant unrecognized uncertain tax positions.

- Uncertain tax positions

The Company did not take any uncertain tax positions and had no adjustments to unrecognized income tax liabilities or benefits pursuant to the provisions of Section 740-10-25 for the six months ended June 30, 2017 and 2016.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Fair value of financial instruments

The Company measures its financial and non-financial assets and liabilities, as well as makes related disclosures, in accordance with FASB Accounting Standards Codification No. 820, *Fair Value Measurement* ("ASC 820"), which provides guidance with respect to valuation techniques to be utilized in the determination of fair value of assets and liabilities. Approaches include, (i) the market approach (comparable market prices), (ii) the income approach (present value of future income or cash flow), and (iii) the cost approach (cost to replace the service capacity of an asset or replacement cost). ASC 820 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one more significant inputs or significant value drivers are unobservable.

Our financial instruments include cash, accounts receivable, inventories, accounts payable, accrued liabilities, convertible note payable, and derivative liabilities.

The carrying values of the Company's cash, accounts receivable, inventories, accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

The Company's convertible note payable are measured at amortized cost.

The derivative liabilities are stated at their fair value as a level 3 measurement. The Company used a Black-Scholes model to determine the fair values of these derivative liabilities. See Note 6 for the Company's assumptions used in determining the fair value of these financial instruments.

- Convertible note payable

The Company accounts for convertible note payable in accordance with the FASB Accounting Standards Codification No. 815, Derivatives and Hedging, since the conversion feature is not indexed to the Company's stock and can't be classified in equity. The Company allocates the proceeds received from convertible note payable between the liability component and conversion feature component. The conversion feature that is considered embedded derivative liabilities has been recorded at their fair value as its fair value can be separated from the convertible note and its conversion is independent of the underlying note value. The Company has also recorded the resulting discount on debt related to the conversion feature and is amortizing the discount using the effective interest rate method over the life of the debt instruments.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Derivative liabilities

The Company accounts for derivative liabilities in accordance with the FASB Accounting Standards Codification No. 815, Derivatives and Hedging ("ASC 815"). ASC 815 requires companies to recognize all derivative liabilities in the balance sheet at fair value, and marks it to market at each reporting date with the resulting gains or losses shown in the Statement of Operations.

- Related parties

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions.

Pursuant to Section 850-10-20 the related parties include a. affiliates of the Company; b. entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825–10–15, to be accounted for by the equity method by the investing entity; c. trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d. principal owners of the Company; e. management of the Company; f. other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g. other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The consolidated financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: a. the nature of the relationship(s) involved; b. a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c. the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d. amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

As of June 30, 2017 and December 31, 2016, the Company had accounts receivable balances from related parties in amount of $371,565 and $371,565, respectively. See Note 5 for detailed discussion. Material related party transactions have been identified in Note 7 to the financial statements.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Net income (loss) per share

The Company calculates net income (loss) per share in accordance with ASC Topic 260, "Earnings *per Share*". Basic income per share is computed by dividing the net income by the weighted-average number of common shares outstanding during the period. Diluted income per share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents, consisting of shares that might be issued upon exercise of common stock options and conversion of convertible notes. In periods where losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents, because their inclusion will be anti-dilutive.

- Subsequent events

The Company adopted FASB Accounting Standards Codification 855 *"Subsequent Events"* ("ASC 855") to establish general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued or available to be issued.

- Recent accounting pronouncements

In March 2016, the FASB issued ASU 2016-09, Stock Compensation, which is intended to simplify the accounting for share-based payment award transactions. The new standard will modify several aspects of the accounting and reporting for employee share-based payments and related tax accounting impacts, including the presentation in the statements of operations and cash flows of certain tax benefits or deficiencies and employee tax withholdings, as well as the accounting for award forfeitures over the vesting period. The guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within that year, and will be adopted by the Company in the first quarter of fiscal 2017. The Company anticipates the new standard will result in an increase in the number of shares used in the calculation of diluted earnings per share and will add volatility to the Company's effective tax rate and income tax expense. The magnitude of such impacts will depend in part on whether significant employee stock option exercises occur.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, Interest—Imputation of Interest (Topic 83530): Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs is not affected by ASU 2015-03. ASU 2015-03 is effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. The Company has reclassified debt issuance costs from prepaid expenses and other current assets and other assets as a reduction to debt in the condensed consolidated balance sheets.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Recent accounting pronouncements (continued)

In July 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory ("ASU 2015-11"), which applies guidance on the subsequent measurement of inventory. ASU 2015-11 states that an entity should measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonable predictable costs of completion, disposal and transportation. The guidance excludes inventory measured using last-in, first-out or the retail inventory method. ASU 2015-11 is effective for interim and annual reporting periods beginning after December 15, 2016. Early adoption is permitted. The Company is not planning to early adopt ASU 2015-11 and is currently evaluating ASU 2015-11 to determine the potential impact to its condensed consolidated financial statements and related disclosures.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to the Company's financial position, results of operations or cash flows.

NOTE 5 – ACCOUNTS RECEIVABLE – RELATED PARTIES

As of June 30, 2017 and December 31, 2016, the Company had accounts receivable balances from related parties in amount of $371,565 and $371,565, respectively. The related party sales were to either Coast to Coast Podiatry Inc. or Neurogenx NerveCenter of Newport Beach, the second office of Coast to Coast Podiatry Inc. opened in September 2016 under a different DBA. Coast to Coast Podiatry Inc. is related by virtue of the majority interest being owned by Dr. Chris Otiko, the President of the Company. In additional to the benefit of the Company getting the sales associated with these transactions, the Company uses this platform to evaluate results and any quality control issues that could arise with the products since Dr. Otiko is able to monitor the businesses.

There have not been payments yet towards this amount. However, the Company expects to begin receiving payments towards the balances during the third quarter of 2017.

NOTE 6 – CONVERTIBLE NOTES PAYABLE

(A) Convertible Notes Payable

At June 30, 2017, the carrying value of the convertible notes payable was $180,000 and the debt discount was fully amortized. No collateral exists on any of the note instruments. All of the note instruments were originally dated December 4, 2009 and carried stated interest rates of 8%. However, see below for discussion of these notes being past due and the revised interest rates thereto.

In accordance with the terms and conditions in Promissory Notes, if the Company defaults in the payment of principal or interest due on the Promissory Notes, the holders of Promissory Notes (the "Holders") shall be entitled to receive and the Company agreed to pay all reasonable costs of collection incurred by Holders, including, without limitation, reasonable attorney's fees for consultation and suit. If any payment due is not made and remains unpaid for ten (10) days, it is in default hereof. Any such payment in default shall bear interest at 18% per annum. Should any payment not be made when due, there shall also

NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(A) Convertible Notes Payable (continued)

be a late charge equal to 5% of the amount of the installment of principal or interest which is paid after the due date. In the event of default hereunder, the entire unpaid balance hereof shall, at the option of the Holders, become due and payable upon demand. All costs and fees (including reasonable fees and disbursements of legal counsel) incurred by the Holders as the result of any default by anyone liable hereunder or as the result of any collection effort by the Holders shall also be due and owing to the Holders. Failure to exercise any right shall not be deemed a waiver of the right to exercise the same at any subsequent date, or event.

The promissory notes were in default as of June 30, 2017 and the Company has been in negotiations with the Holders of the promissory notes, but has not yet reached an agreement as to repayment schedule. The Company recorded the default interest of the notes in amount of $9,160 and $18,220 during the three and six months ended June 30, 2017, respectively, and the accrued interest payable of $265,608 as of June 30, 2017.

(B) Convertible Notes Payable – Derivative Liabilities

As of June 30, 2017, the principal balance in the 10% convertible promissory note entered into on March 21, 2014 was $33,500 and accrued interest payable was $21,087. The Note is currently in default.

During the first quarter of 2017, one of the note holders and its assigns converted a portion of principal and accrued interest in amount of $24,268 and $1,472, respectively, plus conversion cost reimbursement of $5,000, into 61,482,000 shares of common stock of the Company at the conversion price of $0.0005 per share.

During the first quarter of 2017, one of the note holders converted a portion of principal and accrued interest in amount of $18,734 and $920, respectively, into 4,913,500 shares of common stock of the Company at the conversion price of $0.004 per share. The derivatives liabilities of $18,793 due to this conversion were reclassified into additional paid in capital.

Under Financial Accounting Standard Board ("FASB"), U.S. GAAP, Accounting Standards Codification, "Derivatives and Hedging", ASC Topic 815 ("ASC 815") requires that all derivative financial instruments be recorded on the balance sheet at fair value. Fair values for exchange traded securities and derivatives are based on quoted market prices. Where market prices are not readily available, fair values are determined using market based pricing models incorporating readily observable market data and requiring judgment and estimates.

The Company's convertible notes have been evaluated with respect to the terms and conditions of the conversion features contained in the notes to determine whether they represent embedded or freestanding derivative instruments under the provisions of ASC 815. The Company determined that the conversion features contained in the notes of $52,234 carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability.

NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(B) Convertible Notes Payable - Derivative Liabilities (continued)

The fair value of the derivative financial instrument of the convertible note was measured using the Black-Scholes valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

The table below sets forth the assumptions for Black-Scholes valuation model on December 31, 2016, February 2, 2017, and June 30, 2017, respectively. For the six months ended June 30, 2017, the Company decrease the derivative liability of $52,351 by $18, furthermore, $18,793 was reclassified into additional paid in capital due to the conversion of the principal of $18,734, resulting in a derivative liability of $33,540 at June 30, 2017.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
12/31/2016	$ 52,351	0.003	$0.0013	$0.0025	604%	0.0044
2/2/2017	$ 18,793	0.003	$0.0045	$0.0090	633%	0.0050
6/30/2017	$ 33,540	0.003	$0.0090	$0.0180	556%	0.0084

	The Notes
Balance as of December 31, 2016	52,234
Less note conversion	(18,734)
Balance as of June 30, 2017	33,500

The Company recorded interest expense of $1,736 and $5,239 related to the Notes during the three and six months ended June 30, 2017.

(C) Convertible Notes Payable – Derivative Liabilities

On January 26, 2015, the Company entered into a 10% promissory note (the “Note”) with an unrelated third party (the “Note Holder”), which was amended on March 15, 2016, pursuant to which the Note Holder agreed to invest total amount up to $50,000 into the Company for the purchase of inventories. In the case that the Note Holder was not paid back in full within six months from the date of investment, the Note Holder had an option to convert any and all unpaid principal and accrued interest into common shares of the Company at the lesser of $0.0005 per share or 50% discount to market, and the note holder should be reimbursed for the conversion cost by adding $1,000 to the Principal for each note conversion effected by note holder. Since the Company’s stock price has not been lower than $0.001 for the past three years, the Company determined that the conversion features contained in the Addendum should carry beneficial conversion feature instead of derivative liabilities.

NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(D) Convertible Notes Payable – Line of Credit

During the first quarter of 2017, a portion of accrued interest of this Note in amount of $6,000 were converted into 12,000,000 shares of common stock of the Company at the conversion price of $0.0005 per share.

During the second quarter of 2017, a portion of accrued interest of this Note in amount of $10,500, plus $2,000 conversion cost reimbursement were converted into 25,000,000 shares of common stock of the Company at the conversion price of $0.0005 per share.

As a result, the outstanding balance of the Note was $18,415 and accrued interest was $22,659 as of June 30, 2017. The Note is currently in default.

On July 12, 2016, the Company issued an unrelated third party (the "Note Holder") a 15% promissory note (the "LOC") with 20% prepayment penalty and 20% default charge, pursuant to which the Note Holder agreed to invest total amount up to $200,000 into the Company for working capital. The LOC is convertible at the Note Holder's option into the shares of the common stock of the Company at a conversion price of the lesser of $0.0005 per share or 50% discount to market, and the Note Holder should be reimbursed for the conversion cost by adding $1,000 to the Principal of LOC for each note conversion effected by Note Holder. Since the Company's stock price has not been lower than $0.001 for the past three years, the Company determined that the conversion features contained in the LOC should carry beneficial conversion feature instead of derivative liabilities.

During the six months ended June 30, 2017, the principal of LOC was increased by $64,600. Accordingly, the intrinsic value of $64,600 was credited to additional paid in capital at the effective date and was amortized over the life of the LOC. As of June 30, 2017, the outstanding balance of the LOC was $27,086, net of debt discount of $51,439. The Company recorded interest expense of $2,484 and $3,131 related to the LOC during the three and six months ended June 30, 2017, and the accrued interest payable was $3,569 as of June 30, 2017.

(E) Convertible Notes Payable – 2016 Services

On August 4, 2016, the Company issued an unrelated third party (the "Note Holder") a 12% promissory note in principal amount of $60,000 with 20% prepayment penalty and 20% default charge (the "Services Note") for financial services rendered. The Services Note is convertible at the Note Holder's option into the shares of the common stock of the Company at a conversion price of the lesser of $0.0005 per share or 50% discount to market, and the Note Holder should be reimbursed for the conversion cost by adding $1,000 to the Principal of the Services Note for each note conversion effected by Note Holder. Since the Company's stock price has not been lower than $0.001 for the past three years, the Company determined that the conversion features contained in the Services Note should carry beneficial conversion feature instead of derivative liabilities. Accordingly, the intrinsic value of $60,000 was credited to additional paid in capital at the effective date and was amortized over the life of the Services Note. As of June 30, 2017, the outstanding balance of the Services Note was $54,247, net of debt discount of $5,753. The Services Noe is currently in default due to non-payment when semi-annual interest was due. The Company recorded interest expense and penalty in amount of total $3,642 and $19,413 related to the Services Note during the three and six months ended June 30, 2017, and the accrued interest payable was $22,393 as of June 30, 2017.

NOTE 6 – CONVERTIBLE NOTES PAYABLE (CONTINUED)

(F) Convertible Notes Payable – 2017 Services

On April 20, 2017, the Company issued an unrelated third party (the "Note Holder") a 12% promissory note in principal amount of $60,000 with 20% prepayment penalty and 20% default charge (the "2017 Services Note") for financial services rendered in 2017. The Services Note is convertible at the Note Holder's option into the shares of the common stock of the Company at a conversion price of the lesser of $0.005 per share or 50% of the market, and the Note Holder should be reimbursed for the conversion cost by adding $1,500 to the Principal of the Services Note for each note conversion effected by Note Holder.

The Company determined that the conversion features contained in 2017 Services Note carrying value represents a freestanding derivative instrument that meets the requirements for liability classification under ASC 815. As a result, the fair value of the derivative financial instrument in the note is reflected in the Company's balance sheet as a liability. The fair value of the derivative financial instrument of the convertible note was measured using the Black-Scholes valuation model at the inception date of the note and will do so again on each subsequent balance sheet date. Any changes in the fair value of the derivative financial instruments are recorded as non-operating, non-cash income or expense at each balance sheet date. The derivative liabilities will be reclassified into additional paid in capital upon conversion.

The table below sets forth the assumptions for Black-Scholes valuation model on June 30, 2017.

Reporting Date	Fair Value	Term (Years)	Assumed Conversion Price	Market Price on Issuance Date	Volatility Percentage	Risk-free Rate
4/20/2017	$ 220,628	1.00	$0.005	$0.0184	634%	0.0101
6/30/2017	$ 219,692	0.81	$0.005	$0.0180	556%	0.0124

As a result, the 2017 Services Note was discounted in the amount of $60,000 and amortized over the remaining life of this Note. During the six months ended June 30, 2017, the Company recorded interest expenses related to 2017 Services Note in amount of $1,420 and amortization of debt discounts in amount of $11,671. This resulted in an unamortized debt discount of $48,329 as of June 30, 2017.

NOTE 7 – RELATED PARTY TRANSACTIONS

As of June 30, 2017 and December 31, 2016, the Company had accounts receivable balances from related parties in amount of $371,565 and $371,565, respectively. The related party sales were to either Coast to Coast Podiatry Inc. or Neurogenx NerveCenter of Newport Beach, the second office of Coast to Coast Podiatry Inc. opened in September 2016 under a different DBA. Coast to Coast Podiatry Inc. is related by virtue of the majority interest being owned by Dr. Chris Otiko, the President of the Company. In additional to the benefit of the Company getting the sales associated with these transactions, the Company uses this platform to evaluate results and any quality control issues that could arise with the products since Dr. Otiko is able to monitor the businesses.

NOTE 7 – RELATED PARTY TRANSACTIONS (CONTINUED)

There have not been payments yet towards this amount. However, the Company expects to begin receiving payments towards the balances during the third quarter of 2017.

As of June 30, 2017, the Company had due from related party in amount of $1,860.

On December 27, 2016, we were assigned exclusive use of a new provisional patent developed by a company controlled by our President, Dr. Chris Otiko in exchange for the cash payment of One Dollar ($1.00). The patent number and description are as follows:

PROVISIONAL PATENT NUMBER: 62433964
ENHANCED ANTIBIOTIC AND DRUG DELIVERY FOR AQUEOUS TOPICAL APPLICATIONS FOR HUMAN AND VETERINARY USES

NOTE 8 – OFFICER COMPENSATION

On January 1, 2017, the Company entered into an employment agreement with Dr. Chris A. Otiko, the Company's President, pursuant to which the Company agreed to compensate Dr. Otiko for his contribution and work as the Company's President for a period of three years in amount of $30,000 per year in cash, plus one-time payment of 30,000,000 shares of Preferred Stock of Company, 20,000,000 shares of which are subject to be cancelled if Dr. Otiko resigns from his position of the Company before December 31, 2019. This employment agreement may be renewed upon mutual written consent.

Based on the price of $.021 per share for the Preferred Stock, which was determined by the market price of common stock at $.0021 per share on the grant date multiplied by the conversion ratio of 1:10, the fair value of the issuance of Preferred Stock was $630,000. Accordingly, the Company booked the stock based compensation pro rata within the relative service period. For the three and six months ended June 30, 2017, the Company recognized $52,500 and $105,000, respectively, to the consolidated statements of operations. The unrecognized compensation was recorded as deferred compensation amounting to $525,000 as of June 30, 2017.

NOTE 9 – STOCKHOLDERS' EQUITY

As of June 30, 2017, the Company had 400,000,000 shares of common stock authorized, $0.0001 par value, of which 380,214,603 shares issued and outstanding, and had 50,000,000 shares of preferred stock authorized, $0.001 par value, of which 31,000,000 shares issued and outstanding. Each share of preferred stock has conversion ratio and voting right of 10:1.

During the first quarter of 2017, the note holder and its assigns converted a portion of principal and accrued interest in amount of $24,268 and $7,472, respectively, plus conversion cost reimbursement of $5,000, into 73,482,000 shares of common stock of the Company at the conversion price of $0.0005 per share.

During the first quarter of 2017, the note holder converted a portion of principal and accrued interest in amount of $18,734 and $920, respectively, into 4,913,500 shares of common stock of the Company at the conversion price of $0.004 per share. The derivatives liabilities of $18,793 due to this conversion were reclassified into additional paid in capital.

NOTE 9 – STOCKHOLDERS' EQUITY (CONTINUED)

During the second quarter of 2017, a portion of principal of $5,000, accrued interest in amount of $10,500, plus $2,000 conversion cost reimbursement were converted into 35,000,000 shares of common stock of the Company at the conversion price of $0.0005 per share.

NOTE 10 – STOCK BASED COMPENSATION

During the second quarter of 2017, the Company engaged four entities to assist in marketing of the Company's products, primarily in South America. Based on certain performance measures, these entities would have received up to 65,000,000 shares of common stock. Immediately after the agreements were signed there arose a dispute as to the performance measures and the Company did not feel that the written agreements actually portrayed the desires and goals of the Company. Therefore, in the third quarter 2017 the Company sent a notice of cancellation to the parties. As described above, only 4,500,000 of the shares were actually issued pursuant to the agreements. The Company has already received one mutual release from one of the entities representing a maximum of 11,500,000 shares and has reached an agreement in principle to get a release from the other the parties in exchange for a small cash payment. Upon satisfaction of the settlement, the Company expects the 4,500,000 common shares to be returned to the treasury for cancellation.

Since the 4,500,000 shares were actually issued, the Company evaluated the fair value of this stock issuance by the fair value of the Company's Common Stock on the grant date, at a price of approximately $.0265 per share. Accordingly, the Company recognized stock based compensation of $119,250 to the consolidated statements of operations for the six months ended June 30, 2017.

NOTE 11 – CONTINGENT LIABILITIES

On or about April 12, 2017 the Company was made aware of a lawsuit filed against the Company and several other parties in U.S. District Court for the District of South Dakota by Steven Keough, an individual. The complaint alleges, among other things, that Mr. Keough had a licensing arrangement with Dr. Howard Phillips for some of the patents related to the first-generation transdermal delivery system that were developed by Dr. Phillips. The lawsuit also alleges that Dr. Phillips should not have been able to initially license the transdermal technology to the Company. The lawsuit further alleges that, through a separate consulting agreement Dr. Chris Otiko had with Thru Pharma, LLC, an entity related to Keough, that Dr. Chris Otiko should need to assign the rights of the transdermal patent to Mr. Keough. The lawsuit seeks monetary and injunctive relief.

Based on information and belief, both agreements were breached by Thru Pharma, LLC. The Company does not believe Mr. Keough has any right to the Company's patents or technology. Furthermore, the predecessor transdermal technology, which is the subject of dispute by Mr. Keough, is not even currently used by the Company and any protections related to its provisional patents are believed to have expired. All new products being developed and sold by the Company are based on a newer transdermal technology created directly by the Company or its management team. The Company believes the lawsuit is without merit and has engaged legal counsel to vigorously defend it. The Company is also evaluating a counter-claim against Mr. Keogh.

The Company evaluated the potential loss and believed the loss was not probable and the amount was not estimable. Accordingly, there was no contingent loss was recorded during the three and six months ended June 30, 2017.

NOTE 12 – SUBSEQUENT EVENTS

In accordance with ASC Topic 855-10, the Company has analyzed its operations subsequent to June 30, 2017 to the date these consolidated financial statements were issued. The Company does not have any material subsequent events to disclose in these financial statements.

I, Chris Ayo Otiko certify that:

1. I have reviewed the Consolidated Financial Statements for the three and six months ended June 30, 2017 of ViaDerma, Inc.

2. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference hereto, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of and for the periods presented hereto.

Date: August 21, 2017

/s/ Chris Ayo Otiko
Chris Ayo Otiko
President