ASX Announcement

Visioneering Technologies, Inc. Half-Yearly Report

Atlanta, Georgia, USA 29 August 2017: Visioneering Technologies, Inc (ASX: VTI), a US-based medical device company ('Visioneering' or 'The Company') engaged in the design, manufacture, sale and distribution of its proprietary NaturalVue™ Multifocal 1 Day (NaturalVue MF) contact lenses, today released its Appendix 4D – Half Year Financial Results report for the period ended 30 June 2017, the first half yearly report since listing in March 2017.

Financial and Operational Highlights for the Half Year ending 30 June 2017 (US$)

- Sales revenue of $299,000, up from $68,000 at the same time last year
- Operating expenses of $6.6 million, in line with company's stated growth plans
- Net loss after tax of $10.3 million
- Cash balance of $23.4 million at 30 June 2017

Dr Stephen Snowdy, CEO of Visioneering said: "We are delighted with the results achieved in the first half of the 2017 financial year. With the funds raised at IPO we are moving swiftly to execute on our growth plans, making a number of high caliber hires, expanding our product range and building inventory to meet pent up demand."

"Concurrently, we are seeing evidence that the interest in our product and appreciation of the benefits that NaturalVue MF lenses offer for both patients and practitioners continues to increase. The steady rate of inbound enquiry and repeat purchasing is reflected in our sales growth over the course of this year."

-ENDS-

Company	***Investor and media relations***
Stephen Snowdy CEO, Visioneering Technologies, Inc. Email: ssnowdy@vtivision.com	Kyahn Williamson WE Buchan Tel: +61 (3) 9866 4722 Email: kwilliamson@buchanwe.com.au

About VTI:
Visioneering Technologies, Inc. (VTI) is a US-based medical device company primarily engaged in the design, manufacture, sale and distribution of a revolutionary new contact lens: the NaturalVue™ Multifocal (MF) contact lens. The characteristics of the NaturalVue MF contact lens allow it to be used in two of the largest eye-care markets globally: adults with presbyopia (age-related difficulty in seeing close objects) and children with myopia (near-sightedness, or difficulty seeing distant objects).

The NaturalVue MF contact lens employs VTI's Neurofocus Optics™ technology, which was developed, refined and tested over many years. NaturalVue lenses were cleared by the FDA in late 2014 for the correction of refractive errors and VTI commenced a pilot US market launch of NaturalVue MF contact lenses from 2015 that gave way to a broader US launch in 2016 and 2017. VTI sells and plans additional contact lens products.

Forward-Looking Statements
This announcement contains or may contain forward-looking statements that are based on management's beliefs, assumptions and expectations and on information currently available to management. All statements that address operating performance, events or developments that VTI expects or anticipates will occur in the future are forward-looking statements.

Management believes that these forward-looking statements are reasonable when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. VTI does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. VTI may not actually achieve the plans, projections or expectations disclosed in forward-looking statements. Actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

Foreign ownership restrictions:
VTI's CHESS Depositary Interests (**CDIs**) are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (**Securities Act**) for offers which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. As a result of relying on the Regulation S exemption, the CDIs are 'restricted securities' under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person for the foreseeable future except in very limited circumstances after the expiration of a restricted period, unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a 'FOR US' designation on the Australian Securities Exchange (**ASX**). This designation restricts any CDIs from being sold on ASX to US persons. However, you are still able to freely transfer your CDIs on ASX to any person other than a US person. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

Appendix 4D

Interim Report

Visioneering Technologies, Inc.

ARBN	Six Months Ended
616 156 248	**30 JUNE 2017**

	June 2017 US$000	June 2016 US$000	Change US$000	Change %
Revenues from ordinary activities	299	68	231	339
Loss from ordinary activities after tax attributable to members	(10,336)	(1,254)	(9,082)	(724)
Loss for the period attributable to members	(10,336)	(1,254)	(9,082)	(724)

Net Tangible Asset Backing	**30 June 2017 US$**	**30 June 2016 US$**
Per Ordinary Security	0.13	(0.41)

Dividend Payable

No dividends have been paid or declared during the period.

Dividend Re-investment Plan

No dividends have been paid or declared during the period.

Control gained over entities having a material effect

There were no entities over which control has been gained or lost during the period.

Details of associates and joint venture entities

Not applicable.

This report is based on the Half Year Financial Report which has been subject to review by the Auditors. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the Interim Financial Report for the Half Year Ended 30 June 2017 and the 31 December 2016 Annual Financial Report. The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S (US GAAP).

VISIONEERING TECHNOLOGIES, INC.

FINANCIAL STATEMENTS

Half-Year Ended June 30, 2017

VISIONEERING TECHNOLOGIES, INC.

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Independent Auditor’s Review Report
To the Stockholders of Visioneering Technologies, Inc.

Report on the 30 June 2017 Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Visioneering Technologies, Inc. which comprises the balance sheet as at 30 June 2017, and the statement of operations, statement of changes in equity and cash flow statement for the half-year ended on that date, a description of accounting policies and other selected explanatory notes.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the 30 June 2017 financial report of Visioneering Technologies, Inc. does not present fairly, in all material respects, the financial position of the entity as at 30 June 2017, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with accounting principles generally accepted in the United States of America.

Directors Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with accounting principles generally accepted in the United States of America and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the accounting principles generally accepted in the United States of

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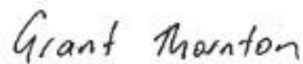
America. As the auditor of Visioneering Technologies, Inc., ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S M Coulton
Partner - Audit & Assurance

Sydney, 29 August 2017

VISIONEERING TECHNOLOGIES, INC.

BALANCE SHEETS
For the Half-Year Ended June 30, 2017

	June 2017 US$000	December 2016 US$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	23,395	5,674
Accounts receivable	61	30
Inventory	2,550	1,897
Prepaid expenses and other current assets	318	709
TOTAL CURRENT ASSETS	26,324	8,310
NON-CURRENT ASSETS		
Property and equipment, net	63	43
Intangible assets, net	253	258
Other non-current assets	54	10
TOTAL ASSETS	26,694	8,621
LIABILITIES		
CURRENT LIABILITIES		
Convertible notes payable	-	11,712
Accounts payable	144	371
Other accrued liabilities	785	341
TOTAL CURRENT LIABILITIES	929	12,424
LONG-TERM LIABILITIES		
Convertible notes payable	-	10,136
TOTAL LONG-TERM LIABILITIES	-	10,136
TOTAL LIABILITIES	929	22,560
EQUITY		
Common stock, par value $0.001 per share, 600,000,000 shares authorized and 196,989,356 shares issued and outstanding at June 30, 2017; Common stock, par value $0.01 per share, 125,000,000 shares authorized and 9,577,298 shares issued and outstanding at December 31, 2016	197	96
Preferred stock, par value $0.001 per share, 50,000,000 shares authorized and 0 shares issued and outstanding at June 30, 2017; Preferred stock, par value $0.01 per share, 100,000,000 shares authorized and 16,617,758 shares issued and outstanding at December 31, 2016	-	166
Additional paid-in capital	57,805	7,700
Accumulated deficit	(32,237)	(21,901)
TOTAL SHAREHOLDERS' EQUITY	25,765	(13,939)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	26,694	8,621

See accompanying notes to condensed financial statements.

VISIONEERING TECHNOLOGIES, INC.

STATEMENTS OF OPERATIONS
For the Half-Year Ended June 30, 2017

	Six months ended June 30,	
	2017	2016
	US$000	US$000
NET REVENUES		
Sales	299	68
TOTAL NET REVENUES	299	68
COST AND EXPENSES		
Cost of sales	257	50
Employee compensation	2,059	554
Marketing expenses	2,196	167
Clinical and manufacturing	210	141
General and administrative	1,870	139
TOTAL COSTS AND EXPENSES	6,592	1,051
OPERATING INCOME/(LOSS)	(6,293)	(983)
Interest expense, net	(4,043)	(271)
INCOME/(LOSS) BEFORE INCOME TAXES	(10,336)	(1,254)
INCOME TAX EXPENSE	-	-
NET INCOME/(LOSS) AFTER INCOME TAXES	(10,336)	(1,254)
Weighted average shares outstanding for basic earnings per share	114,155,297	6,498,692
Weighted average shares outstanding for diluted earnings per share	114,155,297	6,498,692
Basic earnings per share	($0.09)	($0.19)
Diluted earnings per share	($0.09)	($0.19)

See accompanying notes to condensed financial statements.

VISIONEERING TECHNOLOGIES, INC.

STATEMENTS OF CHANGES IN EQUITY
For the Half-Year Ended June 30, 2017

	Common Stock		Preferred Stock		Paid-in	Accumulated	
	Shares Number	Amount US$000	Shares Number	Amount US$000	Capital US$000	Deficit US$000	Total US$000
Balance at December 31, 2015	3,266,848	32	11,350,291	114	7,804	(16,944)	(8,994)
Issuance of common stock	153,238	2	-	-	10	-	12
Conversion of preferred stock	6,157,212	62	5,267,467	52	(114)	-	-
Net loss	-	-	-	-	-	(4,957)	(4,957)
Balance at December 31, 2016	9,577,298	96	16,617,758	166	7,700	(21,901)	(13,939)
Reduction in par value of common stock	-	(86)	-	-	86	-	-
Issuance of stock through IPO, net	79,365,079	79	-	-	23,316	-	23,395
Conversion of preferred stock	16,617,758	17	(16,617,758)	(166)	149	-	-
Conversion of convertible debt	91,429,221	91	-	-	22,800	-	22,891
Beneficial conversion feature	-	-	-	-	3,689	-	3,689
Stock incentive compensation	-	-	-	-	65	-	65
Net loss	-	-	-	-	-	(10,336)	(10,336)
Balance at June 30, 2017	196,989,356	197	-	-	57,805	(32,237)	25,765

See accompanying notes to condensed financial statements.

VISIONEERING TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS
For the Half-Year Ended June 30, 2017

	Six months ended June 30,	
	2017	2016
	US$000	US$000
Cash flows from operating activities:		
Net income/(loss)	(10,336)	(1,254)
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:		
Depreciation and amortization	20	7
Beneficial conversion feature on convertible debt	3,689	-
Capitalized interest on convertible debt	354	271
Unrealized foreign exchange variance	688	-
Stock compensation expense	65	-
Changes in assets and liabilities:		
Accounts receivable	(31)	(3)
Inventory	(653)	(257)
Prepaid expenses and other assets	348	(6)
Accounts payable	(227)	(47)
Other accrued liabilities	444	(1)
Total adjustments	4,697	(36)
Net cash provided by/(used in) operating activities	(5,639)	(1,290)
Cash flows from investing activities:		
Purchase of property and equipment, net	(30)	(9)
Purchase of intangible assets, net	(5)	(42)
Net cash provided by/(used in) investing activities	(35)	(51)
Cash flows from financing activities:		
Issuance of common stock	23,395	-
Issuance of convertible debt	-	1,618
Net cash provided by/(used in) financing activities	23,395	1,618
Net increase/(decrease) in cash and cash equivalents	17,721	277
Cash and cash equivalents, beginning of period	5,674	19
Cash and cash equivalents, end of period	23,395	296
Supplemental disclosure:		
Cash paid for interest	-	-
Cash paid for taxes	-	-

See accompanying notes to condensed financial statements.

NOTES TO FINANCIAL STATEMENTS

For the Half-Year Ended June 30, 2017

(1) NATURE OF BUSINESS

Visioneering Technologies, Inc. ("VTI" or "Company") was incorporated as a Delaware corporation on October 23, 2008. Headquartered in Atlanta, Georgia, VTI is a medical device company with principal activities in the design, manufacture, sale and distribution of its NaturalVue daily disposable multi-focal contact lenses for adults with Presbyopia (the progressive loss of ability to see near that occurs in middle-age) and children with Myopia (short-sightedness). Within the US, medical devices are regulated by the FDA, under the Federal Food, Drug, and Cosmetic Act of 1938. The Company's NaturalVue contact lenses obtained FDA clearance in October 2014. The Company outsources the warehousing and fulfillment of orders for its products to MidSouth Premier Opthalmics ("MidSouth"), a contact lens fulfillment company. MidSouth maintains customer accounts on VTI's behalf. MidSouth receives orders, collects funds, and delivers lenses. On July 10, 2017, the Company entered into a Third Party Logistics (3PL) contract with Wisconsin Vision Associates, Inc. (WVA) to receive, warehouse, and distribute Company's products. On August 25, 2017, the Company's agreement with MidSouth expired and was not renewed.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASUs) of the Financial Accounting Standards Board (FASB). All amounts are presented in US Dollars unless otherwise stated. The accompanying condensed financial statements and related financial information are unaudited and should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2016.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Examples of estimates which require management's judgment include the collectability of accounts receivable, inventory, the valuation of long-lived assets, notes payable, and the fair value of share-based awards. Management bases its estimates on historical experience and other factors which are believed to be reasonable under the circumstances. Actual results may differ from these judgments.

Liquidity

At June 30, 2017, the Company had net current assets of $25.4 million and for the period then ended incurred net losses of $10.3 million and operating cash outflows of $5.6 million. Management expects operating losses and cash flow deficits to continue for the foreseeable future. The Company's ability to achieve profitability is dependent primarily on its ability to gain market share in the U.S. and to obtain a more profitable per unit manufacturing cost for its products. The Company believes its current cash balances will be sufficient to meet its anticipated cash requirements to fund its commercial launch of NaturalVue contact lenses and build its supply chain infrastructure and sales force to support the commercialization efforts for at least the next twelve

months. The accompanying financial statements do not include any adjustments that may be needed if the Company were unable to continue as a going concern.

Fair Value of Financial Instruments and Derivatives

The Company has identified cash, accounts receivable, and accounts payable as financial instruments of the Company. Due to the nature of these financial instruments, the Company believes that the fair value of these financial instruments approximates their carrying values.

Embedded Conversion, Redemption and Preference Features

The Company evaluates convertible debt and preferred stock instruments under ASC 480, *Distinguishing Liabilities from Equity* to determine the appropriate classification of the host instrument. Embedded conversion, redemption and preference features within those instruments are evaluated under ASC 815, *Derivatives and Hedging* to determine whether the feature should be bifurcated from the host contract and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20, *Debt with Conversion and Other Options* for consideration of any beneficial conversion features.

Cash and Cash Equivalents

As of June 30, 2017, the Company had cash and cash equivalents of $23.4 million, an increase of $17.7 million from the cash balance of $5.7 million at December 31, 2016. The increased cash balance is due to the March 28, 2017 IPO proceeds of $23.4 million offset by operating and investing cash outflows of $5.7 million. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Accounts Receivable

Midsouth extends credit to customers and assumes the liability of such credit. Midsouth credits VTI's account whether or not Midsouth is successful in collecting the funds from a sale. Based on management's review, no allowance for doubtful accounts has been recorded for the periods ended June 30, 2017 and December 31, 2016, respectively.

Inventories

The Company outsources manufacturing of its lenses to Pegavision, a contact lens manufacturer located in Taiwan. Pegavision then distributes the lenses to MidSouth for warehousing and shipment of all inventories. Generally, VTI orders lenses three months in advance of expected sales of those lenses. Costs of inventory include Pegavision's costs and transportation fees. Upon recognition of revenue, the associated inventory and costs are recognized in cost of sales in the Statements of Operations.

Inventories are stated at the lower of cost and net realizable value. The Company regularly reviews its inventory quantities on hand and related cost, and records a provision for any excess or obsolete inventory based on its estimated forecast of product demand and other factors. The Company also reviews its inventory value to determine if it reflects the lower of cost or market, with market value determined based on net realizable value. All inventories held at June 30, 2017 and December 31, 2016 consisted of finished goods.

Intangible Assets

Intangible assets are comprised of patents. Legal costs and other similar fees to obtain and register patents are capitalized. All other costs to internally develop the patents are expensed as incurred. Patents are amortized over 15 years.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the following useful lives:

Asset Classification	Estimate Useful Life
Computer equipment and software	3 years
Office equipment	5 years
Furniture and fixtures	5 years

Depreciation expense is included in general and administrative expense.

Long-lived Assets

Long-lived assets are tested for recoverability whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Factors that the Company considers in deciding when to perform an impairment review include significant underperformance of the business in relation to expectations, significant negative industry or economic trends and significant changes or planned changes in the use of the assets. If an impairment review is performed to evaluate a long-lived asset for recoverability, the Company compares forecasts of undiscounted cash flows expected to result from the use and eventual disposition of the long-lived asset to its carrying value. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset are less than its carrying amount. The impairment loss would be based on the excess carrying value of the impaired asset over its fair value. As of June 30, 2017 and December 31, 2016, the Company has not experienced impairment losses on its long-lived assets.

Revenue Recognition

MidSouth manages the sales and inventory functions for the Company. Revenue is recognized on a gross basis, with costs associated with the warehousing and delivery of lenses recorded as costs of sales. Revenue is recognized when persuasive evidence of an arrangement exists, the goods have been delivered, the sales price is fixed or determinable, and collectability is reasonably assured. These conditions are generally met when MidSouth has shipped the lenses.

Research and Development Costs

Research and development costs are recognized as an expense in the period in which they are incurred. Research and development expenses consist of wages, benefits, and other operational costs related to the Company's engineering, regulatory, and quality departments; clinical and nonclinical studies; materials and supplies; and third-party costs for contracted services. Research and development costs were $204,000 and $104,000 for the periods ended June 30, 2017 and June 30, 2016, respectively, and are included in clinical and manufacturing in the Statements of Operations.

Stock-Based Compensation

The Company awards stock options to its employees, directors, and consultants pursuant to stockholder-approved plans. The Company recognizes expense for awards on a straight-line basis over the requisite service period, which generally equals the vesting period. The Company estimates the fair value of stock option awards on the date of grant using the Black-Scholes option-valuation model.

Leases

Leases are classified at their inception as either operating or capital leases based on the economic substance of the agreement. Lease payments made under operating leases are recognized as an expense on a straight-line basis over the lease term.

Income Taxes

The Company is treated as a C-Corporation for U.S. federal income tax purposes. The Company has incurred aggregate losses of $32.2 million for federal income tax purposes since inception, with amounts of $10.3 million and $1.3 million, for the half-year ended June 30, 2017 and June 30, 2016, respectively. 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 bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Recent Accounting Pronouncements

In May 2014, the FASB issued a new standard related to the “Revenue from Contracts with Customers” which amends the existing accounting standards for revenue recognition. The standard requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. This standard is applicable for fiscal years beginning after December 15, 2017 and for interim periods within those years. Earlier application will be permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company expects to adopt this standard on January 1, 2018. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

In November 2015, the FASB issued Accounting Standards Update No. 2015-17 ("ASU 2015-17") regarding ASC Topic 470 "Income Taxes: Balance Sheet Classification of Deferred Taxes." The amendments in ASU 2015-17 eliminate the requirement to bifurcate Deferred Taxes between current and non-current on the balance sheet and requires that all deferred tax liabilities and assets be classified as noncurrent on the balance sheet. The amendments for ASU-2015-17 can be applied retrospectively or prospectively and early adoption is permitted. The Company adopted the new guidance prospectively in the first quarter of fiscal 2017. Implementation will have no effect on the Statement of Operations as a full valuation allowance has been made.

In July 2015, the FASB issued ASU No. 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory." Previous to the issuance of this ASU, ASC 330 required that an entity measure inventory at the lower of cost or market. ASU 2015-11 specifies that “market” is defined as “net realizable value,” or the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This ASU is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2016. As of January 1, 2017, the Company has adopted ASU No. 2015-11.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)”. The ASU requires that organizations that lease assets recognize assets and liabilities on the balance sheet for the rights and obligations created by those leases. The ASU will affect the presentation of lease related expenses on the income statement and

statement of cash flows and will increase the required disclosures related to leases. This ASU is effective for annual periods ending after December 15, 2018, and interim periods thereafter, with early adoption permitted. The Company is currently evaluating the impact of ASU No. 2016-02 on its consolidated financial statements. It is expected that a key change upon adoption will be the balance sheet recognition of leased assets and liabilities and that any changes in income statement recognition will not be material.

In May 2017, the FASB issued ASU No. 2017-09, "Compensation–Stock Compensation (Topic 718): Scope of Modification Accounting," that provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The new standard is effective for the Company in the first quarter of fiscal year 2018. Early adoption is permitted. The new guidance must be applied on a prospective basis. The Company does not anticipate that the adoption of this standard will have a significant impact on the financial statements or the related disclosures.

(3) INTANGIBLE ASSETS

Intangible assets consist of the following as of June 30, 2017 and December 31, 2016:

	2017	**2016**
	US$000	US$000
Patents	314	309
Less accumulated amortization	(61)	(51)
Intangible assets, net	253	258

Amortization expense was $10,440 for the six-month period ending June 30, 2017 and $2,946 for the six-month period ending June 30, 2016.

(4) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2017 and December 31, 2016:

	2017	**2016**
	US$000	US$000
Computer equipment and software	67	40
Office equipment	9	8
Furniture and fixtures	15	14
Total costs	91	62
Less accumulated depreciation	(28)	(19)
Property and equipment, net	63	43

Depreciation expense was $9,250 for the six-month period ending June 30, 2017 and $4,495 for the six-month period year ending June 30, 2016.

(5) CONVERTIBLE DEBT

From March 2012 through September 2014, the Company sold in private placements to qualified buyers and accredited investors notes for total funds received of $5,371,582 (“Prior Notes”). Interest on the Prior Notes is payable upon maturity and accrues a rate of 6% per annum. The Prior Notes mature upon demand. Prior Notes are convertible into Series A-1 preference stock or equity instruments issued in an equity financing.

From December 2014 to December 2015, the Company sold in private placements to qualified buyers and accredited investors notes for total funds received of $2,936,397 (“Senior Notes”). Interest on the Senior Notes is payable upon maturity and accrues a rate of 10% per annum. The Prior Notes became subordinated to the Senior Notes upon issuance.

In December 2014 upon issuance of the Senior Notes, Prior Note holders were given the option to convert $2 of Prior Notes, including accrued interest balances, to Senior Notes for every $1 invested in Senior Notes. As of June 30, 2017, and December 31, 2016, Prior Notes of $0 and $2,451,149 were outstanding, respectively. Senior Notes issued upon conversion of Prior Notes amounted to $0 and $3,240,523 as of June 30, 2017 and December 31, 2016, respectively.

At December 31, 2014 and 2015, the Senior Notes plus accrued interest were convertible into Series C Preferred Stock upon majority vote of the Senior Notes holders at a conversion price of $0.23 per share. The conversion price was equivalent to the fair value of Series C Preferred stock on the commitment date, as measured by concurrent sales of Series C Preferred Stock to external investors. Following conversion of all Series C Preferred Stock to Series A-1 and A-1 NV Preferred Stock in 2016, senior notes became convertible into Series A-1 and A-1 NV Preferred Stock.

Upon the closing of an equity financing transaction, the Senior Notes plus accrued interest are convertible into the new equity shares at a conversion price equivalent to the price paid by the new equity investors.

The Senior Notes were issued in conjunction with warrants with a purchase price equivalent to 0.02% of the associated Senior Notes. The number of shares to which the warrant entitles the holder is either (i) one-half the number of shares of stock into which the Senior Notes issued to the holder are converted, or (ii) the number of shares of common stock issuable upon the conversion of one-half of the number of shares of stock into which the Senior Notes issued to the holder are converted. The warrants are exercisable upon a qualified change in control from the period commencing with the date the Senior Notes are converted to equity securities ending with the earliest of December, 2021 or the change in control event. The warrants are exercisable into the same equity class into which the Senior Notes are converted. The exercise price of the warrants is equivalent to the conversion price at which the Senior Note converted to equity or the fair market value of common stock.

In March 2016, the Company, entered into a Note and Warrant Purchase Agreement, pursuant to which the Company issued Series A-1 convertible demand notes (the “Series A-1 Notes”) and warrants to purchase shares of the Company’s capital stock (the “Series A-1 Warrants”) and raised proceeds of $1,418,141. As part of the Series A-1 Note transaction, the maturity date of each Senior Note was amended to be the date upon which a payment demand for the Series A-1 Notes was made by a majority-in-interest of the Series A-1 Note holders, and each Senior Note was made convertible upon the same terms as the Series A-1 Note and ranking pari passu with each Series A-1 Note in right of payment. In addition, the holders of Prior Notes agreed that the demand for payment of Prior Notes could not be made unless the Senior Notes and Series A-1 had been paid in full.

The Series A-1 Notes are payable upon demand by a majority-in-interest of the Series A-1 Note holders. The Series A-1 Notes are convertible into Series A-1 Stock following the earlier of: (a) the first anniversary of the Series A-1 Note Purchase Agreement, and (b) a liquidation event as defined in the Company’s Certificate of Incorporation.

The Notes may also be converted upon the closing of an Equity Financing, which is defined as a subsequent sale by the Company of its equity securities (including the Company's common stock and any preferred stock) following the date of the Note Purchase Agreement. Any conversion must be approved by the holders of more than 50% of the aggregate unpaid principal amount of the Series A-1 Notes. Each lender who purchased a Series A-1 Note received a Series A-1 Warrant to purchase equity securities of the Company, generally equal to 50% of the number of equity securities into which the Series A-1 Note associated with such Series A-1 Warrant was converted.

On October 10, 2016, the requisite Series A-1 Note and Senior Note holders entered into amendment agreements pursuant to which upon the conversion of the Series A-1 Notes and Senior Notes in connection with an equity financing, each Senior Warrant and Series A-1 Warrant will terminate and each Series A-1 Note and Senior Note will convert at a 25% discount to the otherwise applicable conversion price. At the time of the Company's IPO on March 28, 2017, this occurred.

In July 2016, the Company, entered into a Note Purchase Agreement with investors (the "Pre-IPO Note Purchase Agreement"), pursuant to which the Company issued convertible notes, primarily to investors based in Australia (the "Pre-IPO Notes"), raising proceeds of A$13,497,000 (US$10,109,336). The Pre-IPO Notes are denominated in Australian dollars (A$) and automatically convert into the Company's equity securities upon an IPO pursuant to a conversion formula specified in the Pre-IPO Note Purchase Agreement. The conversion formula includes a Beneficial Conversion Feature (BCF) contingent upon the conversion of one of several different future events including an IPO. At the March 28, 2017 IPO the BCF contingency was resolved, and as required by ASC 470-20-40-1 the Company recorded $3.7 million interest expense and $3.7 million Additional Paid in Capital accounting entry. At the time of the IPO, all of the Company's issued and outstanding convertible debt was converted into 91,429,221 shares of common stock.

Convertible Debt at June 30, 2017 and December 31, 2016:

	2017	**2016**
	US$000	US$000
Prior Notes	-	2,451
Senior Notes	-	6,177
Series A-1 Notes	-	1,418
Pre-IPO Notes	-	9,753
	-	19,799
Interest Accrued	-	2,049
Total Convertible Debt	-	21,848

(6) SHAREHOLDERS' EQUITY

The Common and Preferred Stock balances are outstanding as follows as of June 30, 2017 and December 31, 2016 (in thousands except number of shares):

	2017			2016		
	No. of shares	Par value US$000	Additional paid-in capital US$000	No. of shares	Par value US$000	Additional paid-in capital US$000
Common Stock	196,989,356	197	57,805	9,577,298	96	3,818
A-1	-	-		8,607,183	86	2,068
A-1 NV	-	-		8,010,575	80	1,814
	196,989,356	197	57,805	26,195,056	262	7,700

Common Stock

Each holder of a share of common stock is entitled to one vote per share held. The holders of shares of common stock are entitled to dividends as declared by the board of directors of the Company.

On March 28, 2017, the Company completed its Initial Public Offering (IPO) on the Australian Stock Exchange (ASX). 79,365,079 CHESS Depositary Interests (CDI) were issued and $23.4 million, net of expenses, was received. In conjunction with the IPO, all outstanding Convertible Debt and Preferred Stock was converted into Common Stock.

Preferred Stock Series A

Authorized shares of Series A Preferred Stock were 2,936,000 as of December 31, 2015 and 2014. The Series A Preferred Stock had the following rights and privileges:

Voting: The holders of Series A shall be entitled to the number of votes equal to the number of shares of Common Stock into which each share of Series A may be converted.

Conversion: Each share of Series A is convertible to Common Stock automatically (1) immediately prior to the closing of a qualified IPO defined as having proceeds exceeding $40 million, (2) upon written consent of holders of a majority of the then outstanding Series A, or (3) any time at the option of the holder. The Series A conversion price is $1.13 which is equal to the original issuance price.

Dividend Rate: The holders of the Series A are entitled to an annual rate of 6.0% of the original issuance price per share, which shall accrue from the date of issuance and shall be payable when and as declared by the board of directors.

Liquidation: The holders of the Series A are entitled to receive an amount per share equal to the original issuance price plus declared but unpaid dividends in the event of any (1) acquisition, (2) sale, lease, or other disposition of all or substantially all of the assets, (3) transaction that results in the exclusive licensing of all or substantially all of the intellectual property, or (4) liquidation, dissolution or winding up of the Company.

Preferred Stock Series B

Authorized shares of Series B Preferred Stock were 9,824,536 as of December 31, 2015 and 2014. The Series B Preferred Stock had the following rights and privileges:

> *Voting:* The holders of Series B shall be entitled to the number of votes equal to the number of shares of Common Stock into which each share of Series B may be converted.
>
> *Conversion:* Each share of Series B is convertible to Common Stock automatically (1) immediately prior to the closing of a qualified IPO defined as having proceeds exceeding $40 million, (2) upon written consent of holders of a majority of the then outstanding Series B, or (3) any time at the option of the holder. The Series B conversion price is $0.73 which is equal to the original issuance price.
>
> *Dividend Rate:* The holders of the Series B are entitled to an annual rate of 6.0% of the original issuance price per share, which shall accrue from the date of issuance and shall be payable when and as declared by the board of directors.
>
> *Liquidation:* The holders of the Series B are entitled to receive an amount per share equal to the original issuance price plus declared but unpaid dividends in the event of any (1) acquisition, (2) sale, lease, or other disposition of all or substantially all of the assets, (3) transaction that results in the exclusive licensing of all or substantially all of the intellectual property, or (4) liquidation, dissolution or winding up of the Company.
>
> *Redemption:* Each share is redeemable at the original issuance price plus declared but unpaid dividends after the fifth anniversary of the closing date and upon approval of holders of at least two-thirds of the then outstanding Preferred Stock.

Preferred Stock Series C

Authorized shares of Series C Preferred Stock were 2,606,916 as of December 31, 2015 and 2014. The Series C Preferred Stock had the following rights and privileges:

> *Voting:* The holders of Series C shall be entitled to the number of votes equal to the number of shares of Common Stock into which each share of Series C may be converted.
>
> *Conversion:* Each share of Series C is convertible to Common Stock automatically (1) immediately prior to the closing of a qualified IPO defined as having proceeds exceeding $40 million, (2) upon written consent of holders of a majority of the then outstanding Series B, or (3) any time at the option of the holder. The Series C conversion price is $0.73 which is equal to the original issuance price.
>
> *Dividend Rate:* The holders of the Series C are entitled to an annual rate of 6.0% of the original issuance price per share, which shall accrue from the date of issuance and shall be payable when and as declared by the board of directors.
>
> *Liquidation:* The holders of the Series C are entitled to receive an amount per share equal to the original issuance price plus declared but unpaid dividends in the event of any (1) acquisition, (2) sale, lease, or other disposition of all or substantially all of the assets, (3) transaction that results in the exclusive licensing of all or substantially all of the intellectual property, or (4) liquidation, dissolution or winding up of the Company.
>
> *Redemption:* Each share is redeemable at the original issuance price plus accrued but unpaid dividends upon approval of holders of a majority of the then outstanding Series C or upon a majority vote if an initial public offering occurs.

Preferred Stock Series A-1 and Preferred Stock Series A-1 NV

In 2016, the Company issued Series A-1 Notes and warrants under a Note and Warrant Purchase Agreement dated March 2, 2016 (the "Series A-1 Note Purchase Agreement"). Holders of the Company's preferred stock (i.e., Series A, Series B and Series C) were entitled to invest up to their pro rata amount in the borrowing. In connection with the transaction, all outstanding Preferred Stock Series A, B and C was converted as follows:

- The preferred shares of any holder who did not invest its pro rata amount were automatically converted on April 12, 2016 into the Company's common stock at an exchange rate of one share of common stock for each share of preferred stock.

- The preferred shares of any holder who invested its pro rata amount were deemed to have been exchanged for shares of Series A-1 Stock at an exchange rate of 3.2 shares of Series A-1 Stock for each share of preferred stock. Further, a portion of the Series A-1 Stock was exchanged for shares of Series A-1 NV Stock. Series A-1 NV Stock possesses identical rights to Series A-1 Stock, except that its holders have no voting rights. Both the Series A-1 Stock and the Series A-1 NV Stock convert at their original issue price.

As a result of the Series A-1 financing round in 2016, only common stock, Series A-1 Stock and Series A-1 NV Stock remain issued and outstanding at December 31, 2016. As a result of the IPO, only common stock is outstanding at June 30, 2017.

(7) STOCK COMPENSATION PLANS

The Board of Directors adopted the 2008 Stock Incentive Plan (the "Incentive Plan"), with an effective date of July 1, 2008. The Incentive Plan permits the granting and issuance of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Restricted Stock Units, and Stock Appreciation Rights. Under the plan, 12,160,873 shares of common stock have been authorized for share-based awards. The total number of options issued and outstanding as of June 30, 2017 and December 31, 2016 was 11,535,574 and 2,127,604, respectively. Vesting terms and exercise price of options are determined by the board of directors and are defined in the Stock Incentive Agreement for each grant. Options generally vest over a one to three-year period from date of grant, with a few grants being vested immediately upon issuance. Stock options issued to employees, directors, and consultants expire 10 years from the date of grant. Vested and unexercised shares are cancelled three months after termination, and unvested awards are canceled on the date of termination of employment and become available for future grants. The Incentive Plan is the predecessor to the 2017 Plan described below. On January 18, 2017, the Board determined that no additional Stock Incentives would be awarded under the 2008 Plan, but Stock Incentives previously granted would continue to be governed by the terms of the Incentive Plan.

The Board of Directors adopted the 2017 Equity Incentive Plan (the "2017 Plan"), with an effective date of January 18, 2017. The Incentive Plan permits the granting and issuance of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock, Stock Units, Performance Awards and Stock Appreciation Rights. The total number of shares reserved for issuance under the 2017 Plan is 11,000,000 (Share Reserve). The Share Reserve may be increased each year in accordance with the Plan documents. The total number of shares issued and outstanding as of June 30, 2017 was 0. Vesting terms and exercise price of options are determined by the board of directors and are defined in the Stock Incentive Agreement for each grant. Stock option activity under the 2008 Stock Incentive Plan is summarized as follows:

	Number of Options	Weighted Average Exercise Price US$	Weighted Average Remaining Contractual Term in Years
Outstanding at December 31, 2015	2,273,505	0.07	4.73
Grants	25,000	0.07	
Cancellations/forfeitures	(16,274)		
Exercised	(154,627)		
Outstanding at December 31, 2016	2,127,604	0.07	4.67
Exercisable	2,120,104		
Grants	10,264,300	0.07	
Cancellations/forfeitures	(856,330)		
Exercised	0		
Outstanding at June 30, 2017	11,535,574	0.07	5.63
Exercisable	2,219,888		

(8) EMPLOYEE BENEFIT PLAN

The Company has a 401(k) retirement plan (the "401(k) Plan") for the benefit of eligible employees, as defined. Each participant may elect to contribute to the 401(k) Plan each year up to the maximum amount allowed by law, subject to certain Internal Revenue Service limitations. The Company makes discretionary matching contributions up to 100% of the participant's election not to exceed 4% of the participant's compensation.

(9) COMMITMENTS AND CONTINGENCIES

The Company's headquarters and principal operations are located in metropolitan Atlanta, Georgia. As of December 31, 2016, the Company's office space was under management by Regus Management Group LLC, with an expiration date of May 31, 2017. A new lease with an effective date of May 30, 2017 was executed with Gasco Real Estate Holdings, LLC. As of June 30, 2017, the Company was in temporary space during the build-out of the office space with an anticipated move in date of August 31, 2017. For the period ended June 30, 2017 and June 30, 2016, net rent expense was $43,000 and $34,000, respectively.

As of June 30, 2017, and December 31, 2016, future rental commitments were approximately $510,000 and $27,000, respectively.

The Company may be subject to legal proceedings and claims, which may arise, in the ordinary course of its business. No such matters presently exist, and Management is not aware of any such matters which may arise in the future.

(10) SUBSEQUENT EVENTS

On July 10, 2017, the Company entered into a Third Party Logistics (3PL) contract with Wisconsin Vision Associates, Inc. (WVA) to receive, warehouse, and distribute Company's products. WVA will be responsible for shipments to Company distributors within the United States and the United Kingdom. WVA is paid a monthly base Service Fee and an additional fee based on the monthly number of pallets utilized by Company.

On August 10, 2017, the Company entered into a Supply and Distribution Agreement with Wisconsin Vision Associates, Inc. (WVA). WVA's non-exclusive right to distribute includes the right to market, promote, sell and distribute Company's products (Products) in the United States, provided that Products shall be sold only to Permitted Customers and shipped only to Permitted Customers or directly to a patient in the United States if specifically directed by the Permitted Customer. Company and WVA agreed to a price list on the Products Company sells to WVA**.** Company shall invoice WVA upon shipment of Products. WVA shall pay Company for each undisputed invoice within thirty (30) days following the later of (i) the date of receipt of the invoice and (ii) delivery of the relevant Products.

On August 25, 2017, the Company's agreement with MidSouth expired and was not renewed. All remaining Product was shipped to WVA under the 3PL contract.