UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to __________

Commission file number: 001-33675

Bioptix, Inc.

(Exact name of registrant as specified in its charter)

Colorado	**84-1553387**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

834-F South Perry Street, Suite 443 Castle Rock, CO 80104
(Address of principal executive offices) (Zip Code)

(303) 794-2000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares of no par value common stock outstanding as of August 11, 2017 was 5,403,919.

BIOPTIX, INC.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q, including in Management's Discussion and Analysis of Financial Condition and Results of Operations, are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. These statements relate to future events or the Company's future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Company or its industry to be materially different from those expressed or implied by any forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or other comparable terminology. Please see the "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2016 for a discussion of certain important factors that relate to forward-looking statements contained in this report. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I — FINANCIAL INFORMATION
Item I. Condensed Consolidated Financial Statements

Bioptix, Inc. and Subsidiary
Consolidated Balance Sheets

		June 30, 2017 (Unaudited)		December 31, 2016 (Reclassified)
ASSETS				
Current assets (Note 1):				
Cash and cash equivalents	$	11,933,573	$	5,529,848
Short-term investments		-		7,506,761
Prepaid expenses and other current assets		51,741		219,991
Current assets of discontinued operations (Note 2)		1,076		486,890
Total current assets		11,986,390		13,743,490
Property and equipment, net (Note 3)		4,587		5,538
Other long term assets, net (Note 4)		915,687		938,038
Noncurrent assets of discontinued operations (Note 2)		-		2,353,749
Total assets	$	12,906,664	$	17,040,815
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$	239,403	$	253,817
Accrued compensation		6,726		1,520
Accrued expenses		242,631		304,675
Notes and other obligations, current portion (Note 5)		-		139,611
Deferred revenue, current portion (Note 8)		96,698		96,698
Current liabilities of discontinued operations (Note 2)		264,082		258,819
Total current liabilities		849,540		1,055,140
Private placement notes held in escrow – representing 2% Convertible Notes Payable amounting to $4,750,000 and 1,900,000 warrants, all net of $4,750,000 of proceeds held in escrow (Note 6)		-		-
Accrued interest (Note 6)		27,589		-
Deferred revenue, less current portion (Note 8)		1,016,967		1,065,316
Total liabilities		1,894,096		2,120,456
Commitments and contingencies (Notes 6, 8 and 9)				
Stockholders' equity (Notes 6 and 7):				
Common stock, no par value, 60,000,000 shares authorized; shares issued and outstanding 5,392,503 (2017) and 4,503,971 (2016)		126,533,391		124,775,635
Accumulated deficit		(115,520,823)		(109,855,276)
Total stockholders’ equity		11,012,568		14,920,359
Total liabilities and stockholders' equity	$	12,906,664	$	17,040,815

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Bioptix, Inc. and Subsidiary
Consolidated Statements of Operations
Three and Six Months Ended June 30,
(Unaudited)

	Three Months Ended		Six Months Ended	
	2017	**2016**	**2017**	**2016**
Other revenue – fee (Note 8)	$ 24,174	$ 24,174	$ 48,349	$ 48,349
Operating expenses:				
Selling, general and administrative	1,062,540	822,835	2,097,193	1,852,961
Research and development	27,658	73,085	45,350	445,671
Total operating expenses	1,090,198	895,920	2,142,543	2,298,632
Operating loss from continuing operations	(1,066,024)	(871,746)	(2,094,194)	(2,250,283)
Other income (expense):				
Gain on sale of property and equipment (Note 3)	-	912	-	1,920,273
Interest expense	(24,065)	(148)	(28,899)	(25,746)
Investment income	26,124	35,107	52,344	79,392
Total other income (expense)	2,059	35,871	23,445	1,973,919
Loss from continuing operations	(1,063,965)	(835,875)	(2,070,749)	(276,364)
Discontinued operations (Note 2):				
Loss from operations	(332,843)	-	(975,479)	-
Escrow forfeiture gain (Note 6)	134,812	-	134,812	-
Impairment (loss)	(49,775)	-	(2,754,131)	-
Total loss from discontinued operations	(247,806)	-	(3,594,798)	-
Net loss	$ (1,311,771)	$ (835,875)	$ (5,665,547)	$ (276,364)
Basic and diluted net loss per share (Note 1)				
Continuing operations	$ (0.21)	$ (0.22)	$ (0.43)	$ (0.07)
Discontinued operations	(0.05)	-	(0.74)	-
Basic and diluted net loss per share (Note 1)	$ (0.26)	$ (0.22)	$ (1.17)	$ (0.07)
Basic and diluted weighted average number of shares outstanding (Note 1)	5,103,739	3,876,961	4,852,855	3,876,961

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Bioptix, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Six Months Ended June 30,
(Unaudited)

	2017	2016
Cash flows from operating activities:		
Continuing operations:		
Net (loss)	$ (5,665,547)	$ (276,364)
(Loss) from discontinued operations	(3,594,798)	-
(Loss) from continuing operations	(2,070,749)	(276,364)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities of continuing operations:		
Stock-based compensation for services	271,054	224,272
Depreciation and amortization	37,767	46,031
Amortization of license fees	(48,349)	(48,350)
Other non-cash (credits) charges	-	168,077
Gain on sale of property and equipment	-	(1,920,273)
Change in:		
Prepaid expenses and other current assets	166,749	193,930
Accounts payable	(14,414)	(506,465)
Accrued compensation	5,206	(436,465)
Accrued expenses	(34,455)	9,531
Net cash (used in) operating activities of continuing operations	(1,687,191)	(2,546,076)
Net cash (used in) operating activities of discontinued operations	(888,787)	-
Net cash (used in) operating activities	(2,575,978)	(2,546,076)
Cash flows from investing activities:		
Continuing operations:		
Purchases of short-term investments	-	(10,149,937)
Proceeds from sales of short-term investments	7,506,761	13,612,516
Proceeds from sale of property and equipment	-	1,749,484
Purchases of patent and trademark application costs	(12,965)	(14,378)
Net cash provided by investing activities of continuing operations	7,493,796	5,197,685
Net cash provided by investing activities of discontinued operations	4,004	-
Net cash provided by investing activities	7,497,800	5,197,685
Cash flows from financing activities:		
Continuing operations:		
Net proceeds from issuance of common stock, net of $336,476 in offering expenses	1,913,509	-
Redemption of equity rights	(291,995)	-
Repayment of notes payable and other obligations	(139,611)	(174,083)
Net cash provided by (used in) financing activities of continuing operations	1,481,903	(174,083)
Net increase in cash and cash equivalents	6,403,725	2,477,526
Cash and cash equivalents at beginning of period	5,529,848	2,012,283
Cash and cash equivalents at end of period	$ 11,933,573	$ 4,489,809
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 1,571	$ 31,362
Supplemental disclosure of investing information:		
Liability payoffs upon property sale	$ -	$ 2,064,758

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Bioptix, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements
(Unaudited)

INTERIM FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Bioptix, Inc. (the "Company," "we," or "Bioptix") have been prepared in accordance with the instructions to quarterly reports on Form 10-Q. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in financial position at June 30, 2017 and for all periods presented have been made. Certain information and footnote data necessary for fair presentation of financial position and results of operations in conformity with accounting principles generally accepted in the United States of America have been condensed or omitted. It is therefore suggested that these consolidated financial statements be read in conjunction with the summary of significant accounting policies and notes to financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. The results of operations for the period ended June 30, 2017 are not necessarily an indication of operating results for the full year.

Management's plans and basis of presentation:

The Company has experienced recurring losses and negative cash flows from operations. At June 30, 2017, the Company had approximate balances of cash and cash equivalents of $11,934,000, working capital of $11,137,000, total stockholders' equity of $11,013,000 and an accumulated deficit of $115,521,000. To date, the Company has in large part relied on equity financing to fund its operations.

Effective January 14, 2017, the Company adopted a plan to exit the business of BiOptix Diagnostics, Inc. ("BDI") and commenced a significant reduction in the workforce. The decision to adopt this plan was made following an evaluation by the Company's Board of Directors in January 2017, of the estimated results of operations projected during the near to mid-term period for BDI, including consideration of product development required and updated sales forecasts, and estimated additional cash resources required. Accordingly, the historical results of BDI have been classified as discontinued operations for all periods presented.

The Company expects to continue to incur losses from operations for the near-term and these losses could be significant as professional and other associated expenses in connection with possible strategic considerations, evaluations and transactions, additional costs associated with the exit of operations of the Company's subsidiary BDI may be incurred, and public company and administrative related expenses are incurred. The Company believes that its current working capital position will be sufficient to meet its currently estimated cash needs for at least a year and a day from this filing, subject to any possible strategic transactions. The Company continues to explore obtaining additional financing. The Company is closely monitoring its cash balances, cash needs and expense levels.
Management's strategic plans include the following:

- exploring other possible strategic options and financing opportunities available to the Company;
- evaluating options to monetize, partner or license the Company's assets, including the appendicitis product portfolio; and;
- continuing to implement cost control initiatives to conserve cash.

Note 1. Significant accounting policies:

Principles of consolidation

The consolidated financial statements of the Company include the accounts of Bioptix and its wholly-owned subsidiary, BDI. Intercompany accounts and transactions have been eliminated in the consolidation.

Cash, cash equivalents and investments:

The Company considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents. From time to time, the Company's cash account balances exceed the balances as covered by the Federal Deposit Insurance System. The Company has never suffered a loss due to such excess balances.

The Company invests excess cash from time to time in highly-liquid debt and equity investments of highly-rated entities, which are classified as trading securities. Historically, the purpose of the investments has been to fund research and development, product development, FDA clearance-related activities and general corporate purposes. Such amounts are recorded at market values using Level 1 inputs in determining fair value and are generally classified as current, as the Company does not intend to hold the investments beyond twelve months. Investment securities classified as trading are those securities that are bought and held principally for the purpose of selling them in the near term, with the objective of preserving principal and generating profits. These securities are reported at fair value with unrealized gains and losses reported as an element of other (expense) income in current period earnings. The Company's Board of Directors has approved an investment policy covering the investment parameters to be followed with the primary goals being the safety of principal amounts and maintaining liquidity. The policy provides for minimum investment rating requirements as well as limitations on investment duration and concentrations. Based upon market conditions, the investment guidelines have been tightened to increase the minimum acceptable investment ratings required for investments and shorten the maximum investment term. As of June 30, 2017, 100% of the investment portfolio was in cash and cash equivalents, which is presented as such on the accompanying balance sheet.

The Company's short-term investments comprise certificates of deposit, commercial paper and corporate bonds, all of which are classified as trading securities and carried at their fair value based upon quoted market prices of the securities at December 31, 2016. Net realized and unrealized gains and losses on trading securities are included in net loss. For purposes of determining realized gains and losses, the cost of securities sold is based on specific identification.

The composition of trading securities is as follows at December 31, 2016:

	December 31, 2016	
	Cost	**Fair Value**
Certificates of deposit / commercial paper	$ 2,378,222	$ 2,373,891
Corporate bonds	5,138,182	5,132,870
Total trading securities	$ 7,516,404	$ 7,506,761

Investment income for the six months ended June 30, 2017 and 2016 consists of the following:

	2017	**2016**
Interest income	$ 49,225	$ 64,550
Realized (losses)	(21)	(2,893)
Unrealized gains	11,575	29,089
Management fee expenses	(8,435)	(11,354)
Net investment income	$ 52,344	$ 79,392

Fair value of financial instruments:

The Company accounts for financial instruments under Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic ("ASC") 820, *Fair Value Measurements*. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1— quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — observable inputs other than Level 1, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model-derived prices whose inputs are observable or whose significant value drivers are observable; and

Level 3 — assets and liabilities whose significant value drivers are unobservable.

Observable inputs are based on market data obtained from independent sources, while unobservable inputs are based on the Company's market assumptions. Unobservable inputs require significant management judgment or estimation. In some cases, the inputs used to measure an asset or liability may fall into different levels of the fair value hierarchy. In those instances, the fair value measurement is required to be classified using the lowest level of input that is significant to the fair value measurement. Such determination requires significant management judgment. There were no financial assets or liabilities measured at fair value, with the exception of short-term investments as of June 30, 2017 and December 31, 2016.

The carrying amounts of the Company's financial instruments (other than short-term investments as discussed above) approximate fair value because of their variable interest rates and/or short maturities combined with the recent historical interest rate levels.

Revenue Recognition:

Revenue recognition related to the license agreement is based upon the licensee's right to use the technology and the Company's ongoing obligations to maintain and defend the patented rights and comply with the terms of the sub-license agreement whereby the license fees and milestone payments received from the agreement, net of the amounts due to third parties, have been recorded as deferred revenue and are amortized over the term of the license agreement.

Goodwill:

The Company performs a goodwill impairment analysis in the fourth quarter of each year, or whenever there is an indication of impairment. When conducting its annual goodwill impairment assessment, the Company initially performs a qualitative evaluation to determine if it is more likely than not that the fair value of its reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a two-step goodwill impairment test. The Company has determined, based on its evaluation, that the goodwill associated with the BDI acquisition was impaired and was written off during the six months ended June 30, 2017. The accumulated goodwill amortization of $60,712 arose prior to January 1, 2002 when the FASB revised the policy for goodwill amortization.

Recently issued and adopted accounting pronouncements:

The Company continually assesses any new accounting pronouncements to determine their applicability. When it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequences of the change to its consolidated financial statements and assures that there are proper controls in place to ascertain that the Company's consolidated financial statements properly reflect the change.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASU 2041-09"), which supersedes nearly all existing revenue recognition guidance. The standard's core principle is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard creates a five-step model to achieve its core principle: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction's price to the separate performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. In addition, entities must disclose sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Qualitative and quantitative disclosures are required about: (i) the entity's contracts with customers; (ii) the significant judgments, and changes in judgments, made in applying the guidance to those contracts; and (iii) any assets recognized from the costs to obtain or fulfill a contract with a customer.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers* (Topic 606) - Deferral of the Effective Date, which deferred the effective date of ASU 2014-09 to interim and annual periods beginning after December 15, 2017. The standard allows entities to apply the standard retrospectively to each prior period presented ("full retrospective adoption") or retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application ("modified retrospective adoption"). The Company plans to adopt this guidance on January 1, 2018, and continues to evaluate the impact of adopting under the modified retrospective adoption versus the full retrospective method. The Company is currently in the process of determining the impact of the new revenue recognition guidance on its revenue transactions, including any impacts on associated processes, systems, and internal controls. The Company's preliminary assessment indicates implementation of this standard will not have a material impact on financial results. The Company's evaluation has included determining whether the unit of account (i.e., performance obligations) will change as compared to current GAAP, as well as determining the standalone selling price of each performance obligation. The Company continues to evaluate the impact of this guidance and its subsequent amendments on the consolidated financial position, results of operations, and cash flows, and any preliminary assessments are subject to change.

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU No. 2016-01 supersedes and amends the guidance to classify equity securities with readily determinable fair values into different categories (that is, trading or available-for-sale) and require equity securities to be measured at fair value with changes in the fair value recognized through net income. The amendments allow equity investments that do not have readily determinable fair values to be re-measured at fair value either upon the occurrence of an observable price change or upon identification of an impairment. The amendments also require enhanced disclosures about those investments. ASU No. 2016-01 is effective for annual reporting beginning after December 15, 2017, including interim periods within the year of adoption, and calls for prospective application. The Company is currently in the process of evaluating the impact that will result from adopting ASU 2016-01.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This standard requires a lessee to recognize the lease assets and lease liabilities arising from operating leases in the balance sheet. Qualitative along with specific quantitative disclosures are required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 including interim periods within those fiscal years. The Company is currently evaluating the impact that will result from adopting ASU 2016-02.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share Based Payment Accounting* ("ASU 2016-09"), which amends guidance issued in Accounting Standards Codification ("ASC") Topic 718, Compensation - Stock Compensation. ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years and early adoption is permitted. The Company has adopted ASU 2016-09 as of January 1, 2017. The principal impact was that to the extent a tax benefit or expense from stock compensation arises it will be presented in the income tax line of the Statement of Operations rather than the current presentation as a component of equity on the Balance Sheet. Also the tax benefit or expense will be presented as activity in Cash Flow from Operating Activity rather than the current presentation as Cash Flow from Financing Activity in the Statement of Cash Flows. The Company continues to estimate forfeitures of stock grants as allowed by ASU 2016-09.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows* (Topic 230): Classification of Certain Cash Receipts and Cash Payments. This standard provides guidance for eight cash flow classification issues in current GAAP. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. The Company is currently evaluating the impact that will result from adopting ASU 2016-02.

In January 2017, the FASB issued an ASU 2017-01, *Business Combinations (Topic 805) Clarifying the Definition of a Business*. The amendments in this Update is to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. The Company adopted this guidance effective January 1, 2017. The adoption of this ASU had no impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350)*: Simplifying the Accounting for Goodwill Impairment. ASU 2017-04 removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This standard will be effective for the Company beginning in the first quarter of fiscal year 2020 and is required to be applied prospectively. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, "Compensation-Stock Compensation: Scope of modification accounting". ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. ASU No. 2017-09 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted, including during an interim period for which financial statements have not yet been made available for issuance. The amendments should be applied prospectively to an award modified on or after the adoption date. The Company is currently evaluating the impact that the adoption of ASU 2017-09 will have on its consolidated financial statements.

In July 2017, the FASB issued ASU No. 2017-11, "Earnings Per Share (Topic 260) Distinguishing Liabilities from Equity (Topic 480) Derivatives and Hedging (Topic 815)," which addresses the complexity of accounting for certain financial instruments with down round features. Down round features are features of certain equity-linked instruments (or embedded features) that result in the strike price being reduced on the basis of the pricing of future equity offerings. Current accounting guidance creates cost and complexity for entities that issue financial instruments (such as warrants and convertible instruments) with down round features that require fair value measurement of the entire instrument or conversion option. For public business entities, the amendments in Part I of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For all other entities, the amendments in Part I of this Update are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

Income (loss) per share:

ASC 260, *Earnings Per Share*, requires dual presentation of basic and diluted earnings per share ("EPS") with a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. Basic EPS excludes dilution. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

Basic net earnings (loss) per share includes no dilution and is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding for the period, excluding any nonvested restricted common shares. Diluted net earnings (loss) per share reflect the potential dilution of securities that could share in the Company's earnings (loss). The effect of the inclusion of the dilutive shares would have resulted in a decrease in loss per share for the periods ended June 30, 2017 and 2016. Outstanding stock options, warrants and other dilutive rights are not considered in the calculation, as the impact of the potential common shares (totaling approximately 1,500,000 shares and 966,000 shares for each of the six month periods ended June 30, 2017 and 2016, respectively) would be anti-dilutive. For the six months ended June 30, 2017 the dilutive rights held in escrow from the March 2017 private placements totaling approximately 3,811,000 share rights, respectively from the convertible notes financings are also not considered in the calculation, as the impact would be anti-dilutive.

Note 2. Acquisition and Discontinued Operations:

Acquisition:

On September 12, 2016, the Company completed the strategic acquisition of BDI, a privately-held entity. The decision to acquire BDI was made based on the evaluation that the Company's resources would primarily be used for market development and commercial launch of the product and the market opportunity was estimated to be sizable. Pursuant to a purchase agreement (the "Purchase Agreement"), through a wholly-owned subsidiary ("Venaxis Sub"), the Company acquired all of the outstanding shares of Series 1 Preferred Stock of BDI from the selling shareholders (the "Seller"), representing more than 98% of the outstanding voting stock of BDI, and BDI thereupon become a majority owned subsidiary of the Company.

Under the terms of the Purchase Agreement, the consideration consisted of an aggregate of 627,010 shares of the Company's common stock (the "Shares") which Shares were distributed in accordance with the liquidation preferences set forth in BDI's Fifth Amended and Restated Certificate of Incorporation, as amended. The Shares were valued at approximately $2,577,000 (based upon the closing value of our common stock on the acquisition date) and the issuance represented approximately 14% of the outstanding Bioptix common stock at the closing. The Purchase Agreement contained customary representations and warranties of the parties, including BDI, and the Sellers have customary indemnification obligations to the Company relating to BDI, which are subject to certain limitations described further in the Purchase Agreement. The issuance of the Shares was effected as a private placement of securities. The Company also entered into a registration rights agreement with the Sellers.

The total consideration transferred consisted of the 627,010 shares of the Company's common stock with a value of $2,577,000.

Under the acquisition method of accounting, the total estimated purchase consideration was allocated to the acquired tangible and intangible assets and assumed liabilities based on their estimated fair values as of the acquisition date. Following was the allocation of the purchase consideration:

Cash and cash equivalents	$	17,000
Accounts receivable		21,000
Inventory		379,000
Prepaid and other assets		51,000
Equipment		1,000
Identifiable intangible assets:		
Trademarks (5 year estimated useful life)		99,000
Customer base (6 year estimated useful life)		37,000
Developed technology (4 year estimated useful life)		1,864,000
Total identifiable intangible assets		2,000,000
Goodwill		430,000
Accounts payable		(118,000)
Accrued and other liabilities		(175,000)
Non-controlling interest		(29,000)
Purchase price	$	2,577,000

Intangible assets acquired consisted of the following as of December 31, 2016:

Trademarks	$	99,000
Customer base		37,000
Developed technology		1,864,000
Total		2,000,000
Less accumulated amortization		(148,264)
Balance at December 31, 2016	$	1,851,736

As of November 30, 2016, the Company paid approximately $29,000 to acquire the non-controlling interest in BDI, which was accounted for as an equity transaction.

The unaudited supplemental pro forma information for the six months ended June 30, 2016, as if the BDI acquisition had occurred as of January 1, 2016, would have reflected total revenue of $174,000, net loss of $2,102,000 and loss per share of $0.47. These pro forma condensed consolidated financial results have been prepared for comparative purposes only and include certain adjustments to reflect the pro forma results of operations as if the acquisition had occurred as of the beginning of the periods presented, such as increased amortization for the fair value of acquired intangible assets. The pro forma information does not reflect the effect of costs or synergies that would have been expected to result from the integration of the acquisition. The pro forma information does not purport to be indicative of the results of operations that actually would have resulted had the combination occurred at the beginning of each period presented, or of future results of the consolidated entities.

As of December 31, 2016 inventories, included with current assets of discontinued operations, totaled approximately $416,000, consisting of $188,000 in raw materials and $228,000 in finished goods, all associated with the BDI operations. As of June 30, 2017 no inventories were on hand.

Discontinued operations:

During the quarter ended March 31, 2017, the Company made the decision to discontinue the operations of its wholly-owned subsidiary BDI. BDI had developed a proprietary Enhanced Surface Plasmon Resonance technology platform for the detection of molecular interactions. The decision to adopt this plan was made following an evaluation by the Company's Board of Directors in January 2017 of the estimated results of operations projected during the near to mid-term period for BDI, including consideration of product development required and updated sales forecasts, and estimated additional cash resources required. The Company expects to dispose of the assets and operations during 2017 by selling the assets and licensing the intellectual property rights. The Company has recognized the exit of BDI in accordance with Accounting Standards Codification (ASC) 205-20, *Discontinued Operations*. As such, the historical results of BDI, following its 2016 acquisition, have been classified as discontinued operations.

The Company's historical financial statements have been revised to present the operating results of the BDI business as a discontinued operation. Assets and liabilities related to the discontinued operations of BDI are approximately as follows as of June 30, 2017 and December 31, 2016:

	June 30, 2017	December 31, 2016
Current assets:		
Accounts receivable	$ 1,000	$ 5,000
Inventories	-	416,000
Prepaid expenses	-	66,000
Total current assets	$ 1,000	$ 487,000
Equipment and furnishings, net	$ -	$ 36,000
Intangible assets, net	-	2,281,000
Deposit	-	37,000
Total noncurrent assets	$ -	$ 2,354,000
Current liabilities:		
Accounts payable	$ 99,000	$ 174,000
Accrued expenses	28,000	85,000
Deferred revenue	137,000	-
Total current liabilities	$ 264,000	$ 259,000

Summarized results of the discontinued operation are as follows for the three and six months ended June 30, 2017:

	Three Months	Six Months
Sales	$ 17,000	$ 30,000
Cost of sales	3,000	5,000
Gross margin	14,000	25,000
Operating expenses	347,000	1,001,000
Operating loss	(333,000)	(976,000)
Escrow forfeiture gain	135,000	135,000
Impairment (loss)	(50,000)	(2,754,000)
Loss from discontinued operations	$ (248,000)	$ (3,595,000)

Included in the impairment loss recognized on the discontinuance of BDI are impairment losses recognized on inventories of $453,000, equipment and furnishings of $29,000, identifiable intangible assets of $1,833,000, goodwill of $430,000, and $9,000 from all other items, all associated with the assets and operations of BDI. Additional costs associated with the exit of operations of the Company's subsidiary BDI may be incurred as strategic options for BDI are evaluated.

Note 3. Property and equipment:

Property and equipment consisted of the following:

	June 30, 2017	December 31, 2016
Office and computer equipment	$ 114,309	$ 116,510
Less accumulated depreciation	109,722	110,972
	$ 4,587	$ 5,538

Depreciation expense totaled approximately $500 and $400, and $1,000 and $800, for the three and six month periods ended June 30, 2017 and 2016, respectively. Depreciation and amortization expenses also included $1,500 and $9,000, for the six month periods ended June 30, 2017 and 2016, respectively, on short-term assets included with prepaid expenses.

On February 25, 2016, the Company completed the sale of its corporate headquarters, land, building and certain fixtures and equipment to a third party for a purchase price of approximately $4,053,000. The sale resulted in a gain of approximately $1,920,000 and generated approximately $1,749,000 in net cash after expenses and mortgage payoffs. The Company is leasing back space in the building under a short-term lease agreement that provides storage space.

Note 4. Other long-term assets:

Other long-term assets consisted of the following as of June 30, 2017 and December 31, 2016:

	Beginning Balance (December 31, 2016)	Additions	Impairments	Ending Balance (June 30, 2017)
Cost:				
Patents	$ 1,032,982	$ 12,965	$ —	$ 1,045,947
Goodwill	447,951	—	—	447,951
Total	1,480,933	12,965	—	1,493,898
Accumulated Amortization:				
Patents	(482,183)	(35,316)	—	(517,499)
Goodwill	(60,712)	—	—	(60,712)
Total	(542,895)	(35,316)	—	(578,211)
Net Other Long Term Assets	$ 938,038	$ (22,351)	$ —	$ 915,687

The Company capitalizes legal costs and filing fees associated with obtaining patents on its new discoveries. Once the patents have been issued, the Company amortizes these costs over the shorter of the legal life of the patent or its estimated economic life using the straight-line method. Based upon the current status of the above intangible assets, the aggregate amortization expense is estimated to be approximately $71,000 for each of the next five fiscal years. The Company tests intangible assets with finite lives for impairment upon significant changes in the Company's business environment. The testing resulted in no patent impairment for the three and six months ended June 30, 2017 and $34,000 and $168,000, for the three and six months ended June 30, 2016, respectively. The impairment charges are related to the Company's ongoing analysis of which specific country patents in its portfolio are determined as potentially worth pursuing.

Note 5. Notes and Other Obligations:

Notes and other obligations consisted of short-term installment obligations, arising primarily from insurance premium financing programs bearing interest at 4.5%, with outstanding balances of zero and $139,611, as of June 30, 2017 and December 31, 2016, respectively.

Mortgage notes:

Prior to the February 2016 sale of the corporate headquarters, the Company had a permanent mortgage on its land and building. The mortgage was held by a commercial bank and included a portion guaranteed by the U. S. Small Business Administration ("SBA"). The loan was collateralized by the real property and the SBA portion was also personally guaranteed by a former officer of the Company. The commercial bank loan terms included a payment schedule based on a fifteen year amortization, with a balloon maturity at five years. The commercial bank portion had an interest rate fixed at 3.95%, and the SBA portion bore interest at the rate of 5.86%.

On February 25, 2016, the Company completed the sale of its corporate headquarters, land and building, and also paid off its mortgage obligations. See Note 3.

Note 6. Stockholders' equity:

Restricted common stock award:

During the six months ended June 30, 2017, 197,000 restricted shares were granted to Directors and Officers, of which 40,000 were terminated upon the individuals separation from the Company and 21,333 restricted common shares were vested as of June 30, 2017 (see Note 7).

Private placement offerings:

In March 2017, the Company completed private placements totaling $7,000,000. Included was a common stock unit financing for $2,250,000 with certain accredited investors. The common stock unit offering totaled 900,000 units, of which 400,000 units for $1,000,000 was released to the respective parties in March 2017, and the balance of 500,000 units for $1,250,000 was released in May 2017, less a total of $336,491 of offering expenses. The common stock offering sold units (the "Units") at a purchase price of $2.50 per Unit. Each Unit consists of one share of the Company's common stock and a three-year warrant to purchase one share of the Company's common stock at an exercise price of $3.50 per share. The Company also closed on a convertible note financing with certain accredited investors with gross proceeds totaling $4,750,000. The convertible note financing proceeds are in escrow pending successful completion of release conditions. Following release from escrow, the notes shall be convertible into shares of common stock at an initial conversion price of $2.50 per share. Warrants to purchase 1,900,000 shares of the Company's common stock at an initial exercise price of $3.56 per share were also issued with the convertible note financing. Pursuant to the terms of the convertible note purchase agreements, the Company has filed a proxy to hold a special meeting of its shareholders to among other provisions, approve the terms of the offering and authorize preferred stock, all as specified in the agreements.

The convertible note financing, held in escrow, has been reflected in the accompanying June 30, 2017, consolidated balance sheet at the face amount of the securities issued and held in escrow less the cash received for those securities, which is also held in escrow. When the release conditions have been met, the cash and convertible notes will be reflected gross at their carrying amounts, net of any discounts.

In addition, since the warrants given with the convertible note financings are also held in escrow pending the release conditions, their issuance is contingent upon satisfaction of release conditions, as defined in the agreements. Accordingly, they will be valued and financing proceeds will be allocated to them at the time the contingency is resolved. Any beneficial conversion feature resulting from the allocation of proceeds among the convertible notes and warrants will also be recorded at that time.

The convertible notes accrue interest at 2% per annum commencing with their execution and as a result, the Company has recorded interest expense of approximately $23,700 during the three months ended June 30, 2017 and $27,600 during the six months ended June 30, 2017, respectively, and accrued interest of approximately $27,600 is included in the accompanying consolidated balance sheet as of June 30, 2017.

The Company has evaluated the guidance ASC 480-10 *Distinguishing Liabilities from Equity and* ASC 815-40 *Contracts in an Entity's Own Equity* to determine the appropriate classification of the instruments.

In connection with the private placements, the Company also entered into a Registration Rights Agreement, with the investors pursuant to which the Company agreed to file a registration statement covering the resale of the shares of common stock issuable upon exercise or conversion of the securities and to maintain its effectiveness until all such securities have been sold or may be sold without restriction. In the event a registration statement covering such shares of common stock is not effective, the Company is required to pay to the investors on a monthly basis an amount equal to 1% of the investors' investment, subject to conditions as defined in the agreement.

Common stock escrow forfeiture:

During the six months ended June 30, 2017, under an agreement between the Company and one of the selling shareholders from the Company's 2016 acquisition of BDI, rights to 32,801 common shares held in escrow on behalf of the selling shareholder were waived by the shareholder and returned to the Company where they were cancelled. Under the agreement each party mutually released each other from any and all claims that might relate to or arise from the acquisition of BDI. As a result of this cancellation, the $134,812, estimated value of the common shares, based upon $4.11 per share, was recorded as a gain in the BDI discontinued operations and a reduction in common stock.

Equity rights terminations:

During the six months ended June 30, 2017, the Company negotiated and executed agreements with holders of stock rights (stock options and restricted shares) to have such holders waive their rights to the stock rights in exchange for a one time cash payment. The majority of the holders had previously terminated from the Company or the agreements were made as part of separation agreements upon the individuals' termination from the Company. Under the agreements, a total of 532,911 rights were forfeited, consisting of; 494,578 stock options under the Company's 2002 Stock Incentive Plan, 37,500 non-qualified options issued outside of the Plan and 833 restricted common shares. The total consideration under the agreements was $299,500. For financial reporting purposes the amounts paid to each holder was compared to the fair value of the stock rights forfeited using a Black-Scholes valuation and to the extent the amount paid exceeded the value of the stock rights forfeited, the payment amount was charged to stock-based compensation. For purposes of the Black-Scholes valuation, the Company assumed a dividend yield of 0%, expected price volatility of 49% to 99% risk free interest rates of 0.8% to 2.3% and expected terms based upon the remaining lives of the instruments. Of the total amount paid, $291,995 was charged to stockholders' equity and $7,505 was charged to stock-based compensation.

Note 7. Stock based compensation, options and warrants:

Stock based compensation:

The Company recognized total expenses for stock-based compensation during the three and six months ended June 30, 2017 and 2016 which are included in the accompanying statements of operations, from the following categories:

	Three Months Ended		Six Months Ended	
	2017	2016	2017	2016
Restricted stock awards under the Plan	$ 57,745	$ —	$ 88,176	$ —
Stock option awards under the Plan	31,452	176,388	95,258	224,272
Non-qualified stock option awards	48,814	—	87,620	—
Total stock-based compensation	$ 138,011	$ 176,388	$ 271,054	$ 224,272

Restricted stock awards:
A summary of the Company's restricted stock activity in the six months ended June 30, 2017 is presented here:

	Number of Shares	Weighted Average Grant-Date Fair Value
Total restricted shares		
Outstanding at January 1, 2017	-	$ -
Granted	197,000	3.26
Forfeited	(40,000)	3.13
Outstanding at June 30, 2017	157,000	$ 3.30
Total vested restricted shares		
Outstanding at January 1, 2017	-	$ -
Vested	22,166	3.14
Forfeited	(833)	3.13
Vested at June 30, 2017	21,333	$ 3.14

During the six months ended June 30, 2017, the Company granted 177,000 restricted shares to members of its Board of Directors and 20,000 restricted shares to an officer. Upon the separation of two Directors, 40,000 restricted shares were subsequently forfeited, including 833 restricted shares that were re-acquired by the Company as part of the equity rights terminations (see Note 6). The weighted-average fair value of restricted shares granted during the six months ended June 30, 2017 was $3.26 per share based upon the share price as of the date of grant. The total fair value of restricted stock granted during the six months ended June 30, 2017 was approximately $643,200.

The value of restricted stock grants are measured based on their fair value on the date of grant and amortized over their respective vesting periods, generally twenty-four months. As of June 30, 2017, there was approximately $435,200 of unrecognized compensation cost related to unvested restricted stock awards, which is expected to be recognized over a remaining weighted-average vesting period of approximately 1.6 years.

Stock options:

The Company currently provides stock-based compensation to employees, directors and consultants, both under the Company's 2002 Stock Incentive Plan, as amended (the "Plan"), and non-qualified options and warrants issued outside of the Plan. During November, 2016, the Company's shareholders approved amendments to the Plan to increase the number of shares reserved under the Plan from 709,141 to 895,000. The Company estimates the fair value of the share-based awards on the date of grant using the Black-Scholes option-pricing model (the "Black-Scholes model"). Using the Black-Scholes model, the value of the award that is ultimately expected to vest is recognized over the requisite service period in the statement of operations. Option forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company attributes compensation to expense using the straight-line single option method for all options granted.

The Company's determination of the estimated fair value of share-based payment awards on the date of grant is affected by the following variables and assumptions:

- Grant date exercise price – the closing market price of the Company's common stock on the date of the grant;
- Estimated option term – based on historical experience with existing option holders;
- Estimated dividend rates – based on historical and anticipated dividends over the life of the option;
- Term of the option – based on historical experience, grants have lives of approximately 3-5 years;
- Risk-free interest rates – with maturities that approximate the expected life of the options granted;
- Calculated stock price volatility – calculated over the expected life of the options granted, which is calculated based on the daily closing price of the Company's common stock over a period equal to the expected term of the option; and
- Option exercise behaviors – based on actual and projected employee stock option exercises and forfeitures.

During the six months ended June 30, 2017 and 2016, respectively, no options were exercised.

Stock incentive plan options:

The Company currently provides stock-based compensation to employees, directors and consultants under the Plan. The Company utilized assumptions in the estimation of fair value of stock-based compensation for the six months ended June 30, 2017 and 2016 as follows:

	2017	2016
Dividend yield	0%	0%
Expected price volatility	101%	99%
Risk free interest rate	1.92%	1.20%
Expected term	5 years	5 years

A summary of activity under the Plan for the six months ended June 30, 2017 is presented below:

	Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2017	566,747	$ 20.46		
Granted	20,000	4.02		
Exercised	-	-		
Forfeited	(495,414)	22.98		
Outstanding at June 30, 2017	91,333	$ 3.16	7.3	$ 84,290
Exercisable at June 30, 2017	59,000	$ 2.93	6.1	$ 68,070

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the Company's closing stock price on June 30, 2017 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders, had all option holders been able to, and in fact had, exercised their options on June 30, 2017.

During the six months ended June 30, 2017, 20,000 options were issued to a director under the Plan, exercisable at $4.02 per share with a grant date fair value of $3.04 per share. The options expire ten years from the date of grant and vest monthly over a period of 24 months in arrears.

During the six months ended June 30, 2016, 77,000 options were issued to non-employee directors under the Plan, exercisable at an average of $2.89 per share. The options expire ten years from the date of grant and vest 50% upon on the date of grant, and 25% on each of July 1, 2016 and October 1, 2016. During the six months ended June 30, 2016, 150,000 options were issued to officers and employees under the Plan, exercisable at an average of $2.89 per share. The options expire ten years from the date of grant and vest 50% upon each of the six month and the one year anniversary of the grant date.

During the six months ended June 30, 2017, a total of 495,414 options granted under the Plan were forfeited as part of the equity rights terminations (see Note 6). Of the total, 438,414 options were vested, exercisable at an average exercise price of $25.59 and 57,000 were unvested, exercisable at an average exercise price of $2.92. During the six months ended June 30, 2016, a total of 25,445 options that were granted under the Plan were forfeited, of which 21,825 were vested and 3,620 were unvested. The vested options were exercisable at an average of $39.81 per share and the unvested options were exercisable at an average of $15.13 per share.

The total fair value of stock options granted to employees and directors that vested and became exercisable during the six months ended June 30, 2017 and 2016, was approximately $103,000 and $271,000, respectively. Based upon the Company’s experience, approximately 80% of the outstanding nonvested stock options, or approximately 26,000 options, are expected to vest in the future, under their terms.

A summary of the activity of nonvested options under the Plan to acquire common shares granted to employees, officers, directors and consultants during the six months ended June 30, 2017 is presented below:

Nonvested Shares	Nonvested Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2017	97,738	$ 3.51	$ 2.58
Granted	20,000	4.02	3.04
Vested	(28,405)	5.00	3.62
Forfeited	(57,000)	2.92	2.16
Nonvested at June 30, 2017	32,333	$ 3.58	$ 2.70

At June 30, 2017, based upon employee and director options granted under the Plan to that point, there was approximately $63,000 of additional unrecognized compensation cost related to stock options that will be recorded over a weighted average future period of approximately 1.3 years.

Other common stock purchase options and warrants:

As of June 30, 2017, in addition to the Plan options discussed above, the Company had outstanding 1,272,929 non-qualified options and warrants in connection with warrants issued with offerings and options issued to certain employees, hired in connection with the Company's acquisition of BDI that were not issued under the Plan.

During the six month periods ended June 30, 2017 and 2016 no options were granted outside of the Plan. Operating expenses for the three and six months ended June 30, 2017 included $48,814 and $87,620, respectively, related to stock-based compensation and the three and six months ended June 30, 2016 did not include any value related to stock-based compensation of non-qualified options and warrants.

In March 2017, the Company completed a $2.25 million private placement of securities and in connection with that offering, granted investors in the offering warrants which are classified as equity, exercisable after six-months, to purchase a total of 900,000 shares of common stock at an exercise price of $3.50 per share and expiring in May 2020 (see Note 6).

Following is a summary of outstanding options and warrants that were issued outside of the Plan for the six months ended June 30, 2017:

	Shares Underlying Options / Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2017	527,003	$ 13.36		
Granted	900,000	3.50		
Exercised	-	-		
Forfeited	(154,074)	19.68		
Outstanding at June 30, 2017	1,272,929	$ 5.58	2.3	$ 526,500
Exercisable at June 30, 2017	372,929	$ 10.59	0.4	$ 4,500

During the six months ended June 30, 2017 and 2016, no warrants were exercised. Included at June 30, 2017 in the 1,272,929 total outstanding options are 1,257,929 non-compensatory rights, exercisable at an average of $5.60 per common share, expiring through March 2020, granted in connection with public offerings, and 15,000 rights exercisable at an average of $3.78 per common share, expiring July 31, 2017, issued under compensatory arrangements.

During the six months ended June 30, 2017, a total of 154,074 options that were granted outside of the Plan were forfeited. Of the total forfeited, 45,000 lapsed due to the individuals' terminations from the Company, all of which were unvested. The unvested options were exercisable at an average of $3.78 per share. An additional 71,574 expired under their terms. The remaining 37,500, which were forfeited resulted from negotiated payments made to each holder to waive their rights to the outstanding options (See Note 6).
The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the Company's closing stock price on June 30, 2017 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders, had all option holders been able to, and in fact had, exercised their options on June 30, 2017.

Note 8. Animal Health License Agreements:

Effective May 1, 2004, Washington University in St. Louis ("WU") and Bioptix entered into an Exclusive License Agreement ("WU License Agreement"), which grants Bioptix exclusive license and right to sublicense WU's technology (as defined under the WU License Agreement) for veterinary products worldwide, except where such products are prohibited under U.S. laws for export. The term of the WU License Agreement continues until the expiration of the last of WU's patents (as defined in the WU License Agreement) expire. Bioptix has agreed to pay minimum annual royalties of $20,000 during the term of the WU License Agreement and such amounts are creditable against future royalties. Royalties payable to WU under the WU License Agreement for covered product sales by Bioptix carry a mid-single digit royalty rate and for sublicense fees received by Bioptix carry a low double-digit royalty rate. The WU License Agreement contains customary terms for confidentiality, prosecution and infringement provisions for licensed patents, publication rights, indemnification and insurance coverage. The WU License Agreement is cancelable by Bioptix with ninety days advance notice at any time and by WU with sixty days advance notice if Bioptix materially breaches the WU License Agreement and fails to cure such breach.

In July 2012, the Company entered into an Exclusive License Agreement (the "License Agreement") with Ceva Santé Animale S.A. ("Licensee"), pursuant to which the Company granted the Licensee an exclusive royalty-bearing license, until December 31, 2028, to the Company's intellectual property and other assets, including patent rights and know-how, relating to recombinant single chain reproductive hormone technology for use in non-human mammals (the "Company's Animal Health Assets"). The License Agreement is subject to termination by the Licensee (a) for convenience on 180 days prior written notice, (b) in the Licensee's discretion in the event of a sale or other disposal of the Company's animal health assets, (c) in the Licensee's discretion upon a change in control of the Company, (d) for a material breach of the License Agreement by the Company, or (e) in the Licensee's discretion, if the Company becomes insolvent. The License Agreement is also terminable by the Company if there is a material breach of the License Agreement by the Licensee, or if the Licensee challenges the Company's ownership of designated intellectual property. The License Agreement includes a sublicense of the technology licensed to the Company by WU. Under the terms of the WU License Agreement, a portion of license fees and royalties Bioptix receives from sublicensing agreements will be paid to WU. The obligation for such license fees due to WU is included in accrued expenses at June 30, 2017.

Under the License Agreement, the Licensee obtained a worldwide exclusive license to develop, seek regulatory approval for and offer to sell, market, distribute, import and export luteinizing hormone ("LH") and/or follicle-stimulating hormone ("FSH") products for bovine (cattle), equine and swine in the field of the assistance and facilitation of reproduction in bovine, equine and swine animals.

Under the License Agreement, as of June 30, 2017, the following future milestone payments are provided, assuming future milestones are successfully achieved:

- Milestone payments, totaling up to a potential of $1.1 million in the aggregate, based on the satisfactory conclusion of milestones as defined in the License Agreement;
- Potential for milestone payments of up to an additional $2 million for development and receipt of regulatory approval for additional licensed products; and
- Royalties, at low double digit rates, based on sales of licensed products.

Revenue recognition related to the License Agreement and WU License Agreement is based primarily on the Company's consideration of ASC 808-10-45, "*Accounting for Collaborative Arrangements.*" For financial reporting purposes, the license fees and milestone payments received from the License Agreement, net of the amounts due to third parties, including WU, have been recorded as deferred revenue and are amortized over the term of the License Agreement. License fees and milestone revenue currently totaling a net of approximately $1,556,000 commenced being amortized into income upon the July 2012 date of milestone achievement. As of June 30, 2017, deferred revenue of $96,698 has been classified as a current liability and $1,016,967 has been classified as a long-term liability. The current liability represents the next twelve months' portion of the amortizable milestone revenue. During each of the six months ended June 30, 2017 and 2016, $48,349 was recorded as the amortized license fee revenue arising from the Ceva License Agreement.

A tabular summary of the revenue categories and cumulative amounts of revenue recognition associated with the License Agreement follows:

Category	Totals
License fees and milestone amounts paid / achieved	$ 1,920,000
Third party obligations recorded, including WU	(363,700)
Deferred revenue balance	1,556,300
Revenue amortization to June 30, 2017	(442,635)
Net deferred revenue balance at June 30, 2017	$ 1,113,665

Commencement of license fees revenue recognition	Upon signing or receipt
Commencement of milestone revenue recognition	Upon milestone achievement over then remaining life
Original amortization period	197 months

Note 9. Commitments and contingencies:

Commitments:

The Company's subsidiary, BDI, had a lease commitment on its office and laboratory space that was scheduled to expire March 31, 2018, requiring future non-cancellable lease payments of approximately $233,000 for the remainder of its term. During May 2017, an agreement with the subsidiary's landlord was reached to terminate the lease by surrendering the facility in May 2017, making a prepayment of rent through July 31, 2017 and surrendering of the $37,000 lease deposit. Total rent expense for the six months ended June 30, 2017 totaled approximately $229,000 which included payment of the early termination fee and the surrender of the $37,000 lease deposit. The Company’s rent expense for the six months ended June 30, 2016 was immaterial.

On February 25, 2016, the Company completed the sale of its corporate headquarters, land, building and certain fixtures and equipment to a third party at a purchase price of $4,053,000. The sale resulted in a gain of approximately $1,900,000 and generated approximately $1,700,000 in net cash after expenses and mortgage payoffs. The Company is leasing back space in the building under short-term lease agreements that provide office and storage space required for its current level of operations.

As of June 30, 2017, the Company has an employment agreement with one officer providing aggregate annual minimum commitments totaling approximately $272,000. The agreements contain customary confidentiality and benefit provisions.

Contingencies:

In the ordinary course of business and in the general industry in which the Company is engaged, it is not atypical to periodically receive a third party communication which may be in the form of a notice, threat, or "cease and desist" letter concerning certain activities. For example, this can occur in the context of the Company's pursuit of intellectual property rights. This can also occur in the context of operations such as the using, making, having made, selling, and offering to sell products and services, and in other contexts. The Company makes rational assessments of each situation on a case-by-case basis as such may arise. The Company periodically evaluates its options for trademark positions and considers a full spectrum of alternatives for trademark protection and product branding.

We are currently not a party to any legal proceedings, the adverse outcome of which would, in our management's opinion, have a material adverse effect on our business, financial condition and results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's plans and basis of presentation:

The Company has experienced recurring losses and negative cash flows from operations. At June 30, 2017, the Company had approximate balances of cash and cash equivalents of $11,934,000, working capital of $11,137,000, total stockholders' equity of $11,013,000 and an accumulated deficit of $115,521,000. To date, the Company has in large part relied on equity financing to fund its operations. The Company expects to continue to incur losses from operations for the near-term and these losses could be significant as we incur costs and expenses associated with the exit of the BDI operations and public company and administrative related expenses are incurred. The Company believes that its current working capital position will be sufficient to meet its estimated cash needs for at least a year and a day from this filing. The Company is closely monitoring its cash balances, cash needs and expense levels.

Effective January 14, 2017, we adopted a plan to exit the business of BDI and commenced a significant reduction in the workforce. The decision to adopt this plan was made following an evaluation by the Company's Board of Directors in January 2017, of the estimated results of operations projected during the near to mid-term period for BDI, including consideration of product development required and updated sales forecasts, and estimated additional cash resources required. We are reviewing possible strategic alternatives relative to the business to maximize shareholder value.

Management's strategic plans include the following:

- exploring other possible strategic options and financing opportunities available to the Company;
- evaluating options to monetize, partner or license the Company's assets, including appendicitis product portfolio; and;
- continuing to implement cost control initiatives to conserve cash.

NASDAQ listing:

On April 10, 2017, the Company was notified by The NASDAQ Stock Market, LLC of its failure to comply with Nasdaq Listing Rule 5605 (the "Rule") which requires that the Company's audit committee be comprised of at least three independent directors, as defined under the Rule. On May 5, 2017, the Company appointed a new independent director to the Board of Directors and to the Company’s audit committee, which resulted in the Company regaining compliance with the Rule.

Results of Operations

Comparative Results for the Six Months Ended June 30, 2017 and 2016

During each of the six month periods ended June 30, 2017 and 2016, $48,000 of license payments under the Exclusive License Agreement (the “License Agreement”) with Ceva Santé Animale S.A. (“Licensee”) was recognized as revenue. See further discussion regarding the License Agreement below under the heading “Liquidity and Capital Resources.”

Selling, general and administrative expenses in the six months ended June 30, 2017 totaled $2,097,000, which is an approximately $244,000, or 13%, increase as compared to the 2016 period. Compensation related expenses increased by approximately $526,000 due to separation and retention payments made during the 2017 period. Stock based compensation also increased by approximately $49,000 for the six months ended June 30, 2017, as compared to the 2016 period due to additional equity rights being granted to directors and officers. Legal and accounting expenses increased by $290,000 for the 2017 period due to additional legal services on various matters and costs associated with a change in audit firms. A decrease in strategic evaluation costs of approximately $456,000 related to the completion of strategic evaluations in 2016. Commercialization and marketing related expenses decreased by approximately $84,000 in the 2017 period as the Company had substantially wound down *APPY*1 commercialization activities in 2016. A decrease of $81,000 in general operating expenses was due to the winding down of operations combined with the sale of Company’s facility in 2016.

Research and development expenses in the six months ended June 30, 2017 totaled $45,000, which is an approximately $400,000, or 90%, decrease as compared to the 2016 period. Substantially all of the decrease was due to winding down development and commercialization of *APPY*2 and *APPY*1 operations that had ceased in 2016.

Interest expense for the six months ended June 30, 2017 totaled $29,000, compared to $26,000 in the 2016 period. The interest expense in the 2017 period primarily related to the convertible note offering in March 2017, and in 2016 primarily related to the mortgage loans on the building that was paid off in the first quarter of 2016 upon the building's sale. For the six months ended June 30, 2017, the Company recorded investment income of approximately $52,000, compared to investment income of $79,000 in the 2016 period, with the difference resulting from an average lower invested balance of funds.

On February 25, 2016, the Company completed the sale of its corporate headquarters, land, building and certain fixtures and equipment to a third party at a purchase price of $4,053,000. The sale resulted in a gain of approximately $1,900,000 and generated approximately $1,700,000 in net cash after expenses and mortgage payoffs. The Company is leasing back space in the building under short-term lease agreements that provide office and storage space required for its current level of operations.

No income tax benefit was recorded on the net loss for the six months ended June 30, 2017 and 2016, as management was unable to determine that it was more likely than not that such benefit would be realized.

Comparative Results for the Three Months Ended June 30, 2017 and 2016

During the three month periods ended June 30, 2017 and 2016, $24,000 in each period, of license payments under the License Agreement was recognized as revenue.

Selling, general and administrative expenses in the three months ended June 30, 2017 totaled $1,063,000, which is approximately $240,000, or 29%, increase as compared to the 2016 period. Compensation related expenses increased by approximately $354,000 due to separation and retention payments made during the 2017 period. Legal and accounting expenses increased by $145,000 for the 2017 period due to additional legal services on various matters and costs associated with a change in audit firms. A decrease in strategic evaluation costs of approximately $160,000 related to the completion of strategic evaluations in 2016. Stock based compensation decreased by approximately $38,000 for the three months ended June 30, 2017, as compared to the 2016 period due to less equity rights being granted to directors and officers. Commercialization and marketing related expenses decreased by approximately $42,000 in the 2017 period as the Company had substantially wound down *APPY*1 commercialization activities in 2016. A decrease of $18,000 in general operating expenses was due to the winding down of operations combined with the sale of Company's facility in 2016.

Research and development expenses in the three months ended June 30, 2017 totaled $28,000, which is approximately a $45,000, or 62%, decrease as compared to the 2016 period. This decrease resulted from the wind down activities of development and manufacturing activities from our previous area of focus, the *APPY*1 Test, in 2016, combined with lower animal health related expenses in 2017.

Interest expense for the three months ended June 30, 2017, totaled approximately $24,000 compared to virtually nil in the 2016 period. The interest expense in the 2017 period primarily related to the convertible note offering in March 2017.

Liquidity and Capital Resources

At June 30, 2017, we had working capital of $11,137,000, which included cash and cash equivalents of $11,934,000. We reported a net loss of $5,666,000, consisting of a net loss from continuing operations of $2,071,000 and a net loss from discontinued operations of $3,595,000, during the six months ended June 30, 2017. The net loss from continuing operations included $261,000 in non-cash items consisting of stock-based compensation totaling $271,000, depreciation and amortization totaling $38,000, net of amortization of license fees totaling $48,000.

In March 2017 we entered into private placement agreements, under which during the six months ended June 30, 2017, we received gross proceeds before offering expenses of $2,250,000 from the sale of 900,000 shares of common stock, including the issuance of 900,000 warrants.

In March 2017, the Company also closed on a convertible note financing with certain accredited investors with gross proceeds totaling $4,750,000. The convertible note financing proceeds are in escrow pending successful completion of release conditions, which are outside the control of the Company.

During the six months ended June 30, 2017, the Company negotiated and executed agreements with holders of stock rights (stock options and restricted shares) to have such holders waive their rights to the stock rights in exchange for a one time cash payment. Under the agreements, a total of 532,911 rights were forfeited, consisting of; 494,578 stock options under the Company's 2002 Stock Incentive Plan, 37,500 non-qualified options issued outside of the Plan and 833 restricted common shares. The total consideration under the agreements was $299,500. Of the total paid, $291,995 was charged to stockholders' equity and $7,505 was charged to stock-based compensation.

We expect to continue to incur losses from operations for the near-term and these losses could be significant as we incur costs and expenses associated with the exit of the BDI operations and public company and administrative related expenses are incurred. We believe that our current working capital position will be sufficient to meet our estimated cash needs for at least a year and a day from this filing. We may pursue potential additional financing opportunities. However, there can be no assurance that we will be able to obtain sufficient additional financing on terms acceptable to us, if at all. We are closely monitoring our cash balances, cash needs and expense levels. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might result in our possible inability to continue as a going concern.

In July 2012, we entered into an exclusive license agreement (the "License Agreement") with Ceva Santé Animale S.A. ("Licensee"), pursuant to which we granted the Licensee an exclusive royalty-bearing license, until December 31, 2028, to our intellectual property and other assets, including patent rights and know-how, relating to recombinant single chain reproductive hormone technology for use in non-human mammals (the "Company's Animal Health Assets"). The License Agreement is subject to termination by the Licensee (a) for convenience on 180 days prior written notice, (b) in the Licensee's discretion in the event of a sale or other disposal of the Company's Animal Health Assets, (c) in the Licensee's discretion upon a change in control of the Company, (d) for a material breach of the License Agreement by us, or (e) in the Licensee's discretion, if we become insolvent. The License Agreement is also terminable by us if there is a material breach of the License Agreement by the Licensee, or if the Licensee challenges our ownership of designated intellectual property. The License Agreement includes a sublicense of the technology licensed to the Company by Washington University in St. Louis ("WU"). Under the terms of an exclusive license agreement ("WU License Agreement"), a portion of license fees and royalties we receive from sublicensing agreements will be paid to WU. The obligation for such license fees due to WU is included in accrued expenses at June 30, 2017.

Under the License Agreement, as of June 30, 2017, the following future milestone payments are provided, assuming future milestones are successfully achieved:

- Milestone payments, totaling up to a potential of $1.1 million in the aggregate, based on the satisfactory conclusion of milestones as defined in the License Agreement;
- Potential for milestone payments of up to an additional $2 million for development and receipt of regulatory approval for additional licensed products; and
- Royalties, at low double digit rates, based on sales of licensed products.

The Company periodically enters into generally short-term consulting agreements, which at this time are primarily for assistance with our strategic evaluations. Such commitments at any point in time may be significant but the agreements typically contain cancellation provisions.

Prior to the February 2016 sale of its corporate headquarters, the Company had a permanent mortgage on its land and building that was refinanced in May 2013. The mortgage was held by a commercial bank and included a portion guaranteed by the U. S. Small Business Administration ("SBA"). The loan was collateralized by the real property and the SBA portion was also personally guaranteed by a former officer of the Company. The commercial bank loan terms included a payment schedule based on a fifteen year amortization, with a balloon maturity at five years. The commercial bank portion had an interest rate fixed at 3.95%, and the SBA portion bore interest at the rate of 5.86%. The commercial bank portion of the loan required total monthly payments of approximately $11,700, which included approximately $4,500 per month in interest. The SBA portion of the loan required total monthly payments of approximately $9,000 through July 2023, which included approximately $3,500 per month in interest and fees in 2016.

On February 25, 2016, the Company completed the sale of its corporate headquarters, land, building and certain fixtures and equipment to a third party at a purchase price of $4,053,000. The sale resulted in a gain of approximately $1,919,000 and generated approximately $1,749,000 in net cash after expenses and mortgage payoffs. The Company is leasing back space in the building under a short-term lease agreement that provide storage space.

Due to recent market events that have adversely affected all industries and the economy as a whole, management has placed increased emphasis on monitoring the risks associated with the current environment, particularly the investment parameters of the short-term investments, the recoverability of current assets, the fair value of assets, and the Company's liquidity. At this point in time, there has not been a material impact on the Company's assets and liquidity. Management will continue to monitor the risks associated with the current environment and their impact on the Company's results.

Operating Activities

Net cash consumed by operating activities was $2,576,000, consisting of $1,687,000 from continuing operations and $889,000 from discontinued operations during the six months ended June 30, 2017. Cash was consumed from continuing operations by the loss of $2,071,000, less non-cash items of $261,000 consisting of stock-based compensation totaling $271,000, depreciation and amortization totaling $38,000, net of amortization of license fees totaling $48,000. Decreases in prepaid and other current assets of $167,000 provided cash, primarily related to reductions in operating activities. There was a net $44,000 decrease in accounts payable and accrued expenses in the six months ended June 30, 2017, primarily due to reductions in operating activities and the payment of 2016 litigation settlement accrual in early 2017.

Net cash consumed by operating activities was $2,546,000 during the six months ended June 30, 2016. Cash was consumed by the loss of $276,000, less non-cash expenses of $438,000 for stock-based compensation, depreciation and amortization, and impairment of patent costs, offset by the gain on sale of property and equipment of $1,920,000 and amortization of license fees totaling $48,000. Decreases in prepaid and other current assets of $194,000 provided cash, primarily related to routine changes in operating activities. There was a $933,000 decrease in accounts payable and accrued expenses in the six months ended June 30, 2016, primarily due to the payment of 2015 accrued incentives in early 2016, and a reduction in overall expenses due to the wind-down of the *APPY*1 activities.

Investing Activities

Net cash inflows from investing activities provided cash of $7,498,000, consisting of $7,494,000 from continuing operations and a cash inflow of $4,000 from discontinued operations during the six months ended June 30, 2017. Sales of marketable securities investments totaling approximately $7,507,000 provided cash. A $13,000 use of cash was attributable to additional costs incurred from patent filings.

Net cash inflows from investing activities provided $5,198,000 during the six months ended June 30, 2016. Sales of marketable securities investments totaling approximately $13,613,000 provided cash net of marketable securities purchased totaling approximately $10,150,000. A $14,000 use of cash was attributable to additional costs incurred from patent filings. The sale of the land, building and assets generated approximately $1,749,000 in cash.

Financing Activities

Net cash inflows from financing activities provided $1,482,000 from continuing operations, during the six months ended June 30, 2017 consisting of net proceeds of $1,914,000 from the sale of common stock and warrants, net of $140,000 in scheduled payments under debt agreements, and net of $292,000 consumed from the option termination payments.

Net cash outflows from financing activities consumed $174,000 during the six months ended June 30, 2016 in scheduled payments under debt agreements.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The most significant accounting estimates inherent in the preparation of our financial statements include estimates associated with revenue recognition, impairment analysis of intangibles and stock-based compensation.

The Company's financial position, results of operations and cash flows are impacted by the accounting policies the Company has adopted. In order to get a full understanding of the Company's financial statements, one must have a clear understanding of the accounting policies employed. A summary of the Company's critical accounting policies follows:

***Investments*:** The Company invests excess cash from time to time in highly liquid debt and equity securities of highly rated entities which are classified as trading securities. Such amounts are recorded at market and are generally classified as current, as the Company does not intend to hold the investments beyond twelve months. Such excess funds are invested under the Company's investment policy but an unexpected decline or loss could have an adverse and material effect on the carrying value, recoverability or investment returns of such investments. Our Board has approved an investment policy covering the investment parameters to be followed with the primary goals being the safety of principal amounts and maintaining liquidity of the fund. The policy provides for minimum investment rating requirements as well as limitations on investment duration and concentrations.

***Intangible Assets*:** Intangible assets primarily represent legal costs and filings associated with obtaining patents on the Company's new discoveries. The Company amortizes these costs over the shorter of the legal life of the patent or its estimated economic life using the straight-line method. The Company tests intangible assets with finite lives upon significant changes in the Company's business environment. The testing resulted in no patent impairment charges written off during the six month period ended June 30, 2017 and $168,000 net patent impairment charges written off during the six months ended June 30, 2016.

***Long-Lived Assets*:** The Company records property and equipment at cost. Depreciation of the assets is recorded on the straight-line basis over the estimated useful lives of the assets. Dispositions of property and equipment are recorded in the period of disposition and any resulting gains or losses are charged to income or expense when the disposal occurs. The Company reviews for impairment whenever there is an indication of impairment.

Revenue Recognition**:** The Company's revenues are recognized when products are shipped or delivered to unaffiliated customers. The Securities and Exchange Commission's Staff Accounting Bulletin (SAB) No. 104 provides guidance on the application of GAAP to select revenue recognition issues. The Company has concluded that its revenue recognition policy is appropriate and in accordance with SAB No. 104. Revenue is recognized under sales, license and distribution agreements only after the following criteria are met: (i) there exists adequate evidence of the transactions; (ii) delivery of goods has occurred or services have been rendered; and (iii) the price is not contingent on future activity; and (iv) collectability is reasonably assured.

Stock-based Compensation**:** ASC 718, *Share-Based Payment*, defines the fair-value-based method of accounting for stock-based employee compensation plans and transactions used by the Company to account for its issuances of equity instruments to record compensation cost for stock-based employee compensation plans at fair value as well as to acquire goods or services from non-employees. Transactions in which the Company issues stock-based compensation to employees, directors and consultants and for goods or services received from non-employees are accounted for based on the fair value of the equity instruments issued. The Company utilizes pricing models in determining the fair values of options and warrants issued as stock-based compensation. These pricing models utilize the market price of the Company's common stock and the exercise price of the option or warrant, as well as time value and volatility factors underlying the positions.

Recently issued and adopted accounting pronouncements**:**

The Company has evaluated all recently issued accounting pronouncements and believes such pronouncements do not have a material effect on the Company's financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

General

We have limited exposure to market risks from instruments that may impact the Balance Sheets, Statements of Operations, and Statements of Cash Flows. Such exposure is due primarily to changing interest rates.

Interest Rates

The primary objective for our investment activities is to preserve principal while maximizing yields without significantly increasing risk. This is accomplished by investing excess cash in highly liquid debt and equity investments of highly rated entities which are classified as trading securities. As of June 30, 2017, 100% of the investment portfolio was in cash and cash equivalents with very short-term maturities and therefore not subject to any significant interest rate fluctuations. We have no investments denominated in foreign currencies and therefore our investments are not subject to foreign currency exchange risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management of the Company, including the Chief Executive Officer and the Chief Financial Officer, has conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rule 13a-15(e)) as of the last day of the period of the accompanying financial statements. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of June 30, 2017.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any legal proceedings, the adverse outcome of which would, in our management's opinion, have a material adverse effect on our business, financial condition and results of operations.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K, for the year ended December 31, 2016.

Item 6. Exhibits

EXHIBIT	DESCRIPTION
10.1	Form of Separation Agreement between Bioptix, Inc. and Stephen Lundy (incorporated by reference to the Registrant's Current Report on Form 8-K, dated April 6, 2017, and filed April 7, 2017).
10.2	Form of Separation Agreement between Bioptix, Inc. and Richard J. Whitcomb (incorporated by reference to the Registrant's Current Report on Form 8-K, dated and filed June 15, 2017).
10.3	Form of Retention Agreement between Bioptix, Inc. and Jeffrey McGonegal (incorporated by reference to the Registrant's Current Report on Form 8-K, dated June 30, 2017, and filed July 3, 2017).
31.1	Rule 13a-14(a)/15d-14(a) - Certification of Chief Executive Officer. Filed herewith.
31.2	Rule 13a-14(a)/15d-14(a) - Certification of Chief Financial Officer. Filed herewith.
32	Section 1350 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Furnished herewith.
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Balance Sheets, (ii) the Statements of Operations, (iii) the Statement of Cash Flows and (iv) the Notes to Condensed Financial Statements.

SIGNATURES

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

Bioptix, Inc.
(Registrant)

Dated: August 11, 2017

/s/ Michael Beeghley
Michael Beeghley,
Chief Executive Officer and Chairman of the Board (Principal Executive Officer)

/s/ Jeffrey G. McGonegal

Dated: August 11, 2017

Jeffrey G. McGonegal,
Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION

I, Michael Beeghley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bioptix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 11, 2017

/s/ Michael Beeghley
Michael Beeghley, Chief Executive Officer and
Chairman of the Board (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Jeffrey G. McGonegal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bioptix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 11, 2017

/s/ Jeffrey G. McGonegal
Jeffrey G. McGonegal, Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32

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

In connection with the Quarterly Report on Form 10-Q (the "Report") of Bioptix, Inc. (the "Company") for the quarter ended June 30, 2017, each of the undersigned Michael Beeghley and Jeffrey G. McGonegal, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of the undersigned's knowledge and belief:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 11, 2017

/s/ Michael Beeghley
Michael Beeghley, Chief Executive Officer and
Chairman of the Board (Principal Executive Officer)

August 11, 2017

/s/ Jeffrey G. McGonegal
Jeffrey G. McGonegal, Chief Financial Officer
(Principal Financial and Accounting Officer)

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