

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, 2013**

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: **000-54586**

BOSTON THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

27-0801073

(I.R.S. Employer
Identification No.)

1750 Elm Street, Suite 103, Manchester, NH

(Address of principal executive offices)

03104

(Zip Code)

603-935-9799

(Registrant's telephone number, including area code)

33 South Commercial Street Manchester, NH 03101

(Former address)

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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller Reporting Company

(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 23, 2013
Common Stock, \$0.001 par value per share	19,383,539 shares

BOSTON THERAPEUTICS, INC.
FORM 10-Q

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Except as otherwise required by the context, all references in this report to "we", "us", "our", "BTI" or "Company" refer to the consolidated operations of Boston Therapeutics, Inc., a Delaware corporation, formerly called Avanyx Therapeutics, Inc., and its wholly owned subsidiaries.

PART I - FINANCIAL INFORMATION

Item 1. Unaudited Condensed Financial Statements

Boston Therapeutics, Inc.
 Balance Sheet (Unaudited)
 June 30, 2013 and December 31, 2012

	June 30, 2013	December 31, 2012
ASSETS		
Cash	\$ 12,761	\$ 552,315
Accounts receivable	888	17,351
Prepaid expenses and other current assets	71,868	9,073
Inventory, net	<u>165,239</u>	<u>16,809</u>
Total current assets	250,756	595,548
Property and equipment, net	8,587	7,075
Intangible assets	728,572	760,714
Goodwill	69,782	69,782
Other assets	2,125	2,125
Total assets	<u>\$ 1,059,822</u>	<u>\$ 1,435,244</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 364,178	\$ 294,187
Accrued expenses and other current liabilities	<u>171,795</u>	<u>146,774</u>
Total current liabilities	535,973	440,961
Advances - related parties	<u>297,820</u>	<u>297,820</u>
Total liabilities	<u>833,793</u>	<u>738,781</u>
COMMITMENTS AND CONTINGENCIES (Note 7)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, none issued and outstanding	-	-
Common stock, \$0.001 par value, 100,000,000 shares authorized, 19,383,539 and 18,745,706 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively	19,384	18,746
Additional paid-in capital	4,090,704	3,375,116
Accumulated deficit	<u>(3,884,059)</u>	<u>(2,697,399)</u>
Total stockholders' equity	<u>226,029</u>	<u>696,463</u>
Total liabilities and stockholders' equity	<u>\$ 1,059,822</u>	<u>\$ 1,435,244</u>

Boston Therapeutics, Inc.

Statement of Operations (Unaudited)

For the Three and Six Months Ended June 30, 2013 and 2012

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2012	June 30, 2012
Revenue	\$ 2,118	\$ 2,376	\$ 25,454	\$ 21,230
Cost of goods sold	<u>7,971</u>	<u>4,162</u>	<u>55,908</u>	<u>31,757</u>
Gross margin	<u>(5,853)</u>	<u>(1,786)</u>	<u>(30,454)</u>	<u>(10,527)</u>
Operating expenses:				
Research and development	19,822	67,924	48,483	119,552
Sales and marketing	67,170	66,898	148,396	134,078
General and administrative	<u>421,570</u>	<u>139,435</u>	<u>949,740</u>	<u>263,971</u>
Total operating expenses	<u>508,562</u>	<u>274,257</u>	<u>1,146,619</u>	<u>517,601</u>
Operating loss	(514,415)	(276,043)	(1,177,073)	(528,128)
Interest expense	(4,823)	(4,178)	(9,587)	(8,356)
Foreign currency loss	-	(1,768)	-	(2,910)
Net loss	<u>\$ (519,238)</u>	<u>\$ (281,989)</u>	<u>\$ (1,186,660)</u>	<u>\$ (539,394)</u>
Net loss per share- basic and diluted	\$ (0.03)	\$ (0.02)	\$ (0.06)	\$ (0.03)
Weighted average shares outstanding basic and diluted	19,328,286	16,287,381	19,104,565	16,225,293

Boston Therapeutics, Inc.
Statement of Cash Flows (Unaudited)
For the Six Months Ended June 30, 2013 and 2012

	For the Six Months Ended	
	June 30,	June 30,
	2013	2012
Cash flows from operating activities:		
Net loss	\$ (1,186,660)	\$ (539,394)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	33,081	32,143
Stock based compensation	385,031	116,866
Issuance of common stock and common stock warrants for consulting services	81,195	25,000
Changes in:		
Accounts receivable	16,463	
Inventory	(148,430)	(1,130)
Prepaid expenses and other current assets	(62,795)	(2,289)
Accounts payable	69,991	(5,919)
Accrued expenses	25,021	8,535
	<u>(787,103)</u>	<u>(366,188)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(2,451)	(4,297)
Net cash used in investing activities	<u>(2,451)</u>	<u>(4,297)</u>
Cash flows from financing activities:		
Proceeds from advances-related parties	-	40,000
Proceeds from issuance of common stock	250,000	522,000
Net cash provided by financing activities	<u>250,000</u>	<u>562,000</u>
Net (decrease) increase in cash and cash equivalents	(539,554)	191,515
Cash and cash equivalents, beginning of period	552,315	225,995
Cash and cash equivalents, end of period	<u>\$ 12,761</u>	<u>\$ 417,510</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Company Overview

Boston Therapeutics, headquartered in Manchester, NH, (OTC: BTHE) is a leader in the field of complex carbohydrate chemistry. The Company's initial product pipeline is focused on developing and commercializing therapeutic molecules for diabetes: PAZ320, a non-systemic chewable therapeutic compound designed to reduce post-meal glucose elevation; IPOXYN™, an injectable anti-necrosis drug specifically designed to treat lower limb ischemia associated with diabetes; SUGARDOWN®, a non-systemic chewable complex carbohydrate designed to moderate post-meal blood glucose, and BTI-7, a new, chewable dose form of the diabetes drug metformin hydrochloride.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has limited resources and operating history. As shown in the accompanying financial statements, the Company has an accumulated deficit of approximately \$3,884,000 as of June 30, 2013 and had negative working capital of approximately \$285,000 as of June 30, 2013. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations from the development of its new business opportunities. On July 23, 2013, the Company conducted an initial closing of its private placement of securities with an accredited investor pursuant to which the investor purchased 6,666,660 shares of the Company's common stock and warrants to purchase 3,333,320 shares of common stock at an exercise price of \$0.50 per share for total gross proceeds of \$2,000,000. On August 6, 2013, the Company conducted a second closing of its private placement of securities with accredited investors pursuant to which the investors purchased a total of 2,828,226 shares of the Company's common stock and warrants to purchase 1,414,113 shares of common stock at an exercise price of \$0.50 per share for a gross total of approximately \$848,000. Management has plans to seek additional capital through private placements and public offerings of its common stock. There can be no assurance that the Company will be successful in accomplishing its objectives. Without such additional capital, the Company may be required to cease operations.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information and the rules of the Securities and Exchange Commission for quarterly reports on Form 10-Q. It is suggested that these condensed financial statements be read in conjunction with the Company's financial statements for its year ended December 31, 2012 included in its Form 10-K. In the opinion of management, the statements contain all adjustments, including normal recurring adjustments necessary in order to present fairly the financial position as of June 30, 2013 and the results of operations for the three and six month periods ended June 30, 2013 and 2012.

The year-end balance sheet data was derived from the audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. The results disclosed in the Statements of Operations for the three and six month periods ended June 30, 2013 are not necessarily indicative of the results to be expected for the full fiscal year.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES...continued

Inventory

Inventory consists of raw materials and finished goods of SUGARDOWN®. Inventories are stated at the lower of cost (first-in, first-out) or market, not in excess of net realizable value. The Company adjusts the carrying value of its inventory for excess and obsolete inventory. The Company continues to monitor the valuation of its inventory.

Revenue Recognition

The Company generates revenues from sales of SUGARDOWN®. Revenue is recognized when there is persuasive evidence that an arrangement exists, the price is fixed and determinable, the product is shipped and collectability is reasonably assured. Revenue is recognized as product is shipped from an outside fulfillment operation. Terms of product sales generally provide for 30 day money back guarantee. In practice, the Company has not experienced or granted significant returns of product. Shipping fees charged to customers are included in revenue and shipping costs are included in costs of sales.

Stock-Based Compensation

Stock-based compensation, including grants of employee and non-employee stock options and modifications to existing stock options, is recognized in the income statement based on the estimated fair value of the awards. The Company uses the Black-Scholes option pricing model to determine the fair value of options granted and recognizes the compensation cost of share-based awards on a straight-line basis over the vesting period of the award.

The determination of the fair value of share-based payment awards utilizing the Black-Scholes model is affected by the stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The Company does not have a history of market prices of the common stock as, and as such volatility is estimated using historical volatilities of similar public entities. The expected life of the awards is estimated based on the simplified method. The risk-free interest rate assumption is based on observed interest rates appropriate for the terms of our awards. The dividend yield assumption is based on history and expectation of paying no dividends. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Stock-based compensation expense is recognized in the financial statements on a straight-line basis over the vesting period, based on awards that are ultimately expected to vest.

The Company grants stock options to non-employee consultants from time to time in exchange for services performed for the Company. Equity instruments granted to non-employees are subject to periodic revaluation over their vesting terms. In general, the options vest over the contractual period of the respective consulting arrangement and, therefore, the Company revalues the options periodically and records additional compensation expense related to these options over the remaining vesting period.

Loss per Share

Basic net loss per share is computed based on the net loss for the period divided by the weighted average actual shares outstanding during the period. Diluted net loss per share is computed based on the net loss for the period divided by the weighted average number of common shares and common equivalent shares outstanding during each period unless the effect of such common equivalent shares would be anti-dilutive. Common stock equivalents represent the dilutive effect of the assumed exercise of certain outstanding stock options using the treasury stock method. The weighted average number of common shares for the three and six months ended June 30, 2013 and 2012 did not include 8,921,400 and 1,898,400 options and warrants, respectively, because of their anti-dilutive effect.

2. INVENTORIES

Inventories consist of material, labor and manufacturing overhead and are recorded at the lower of cost, using the weighted average cost method, or net realizable value.

The components of inventories at June 30, 2013 and December 31, 2012, net of inventory reserves, were as follows:

	2013	2012
Raw materials	\$ 87,639	\$ 13,125
Work-in-process	49,491	-
Finished goods	28,109	3,684
	<u>\$ 165,239</u>	<u>\$ 16,809</u>

The Company periodically reviews quantities of inventory on hand and compares these amounts to expected usage of each particular product or product line. The Company records, as a charge to cost of sales, any amounts required to reduce the carrying value to net realizable value.

3. STOCKHOLDERS' EQUITY

The Company is authorized to issue up to 5,000,000 shares of its \$0.001 par value preferred stock and up to 100,000,000 shares of its \$0.001 par value common stock. On May 31, 2013, record holders of 56% of the issued and outstanding voting common stock authorized the Company to amend its certificate of incorporation to increase the number of common shares from 100,000,000 to 200,000,000. Since the Company is making information available through the Internet rather than using the full set delivery option, the proposal will not become effective until 40 calendar days after the date the information statement is made available via the internet on July 29, 2013. Accordingly, the proposal will become effective on September 7, 2013.

Common Stock

On May 7, 2012 the Company issued 20,000 shares of common stock at a price per share of \$1.10 and issued a warrant to purchase an additional 20,000 shares of common stock at \$1.15 per share for gross proceeds of \$22,000. The warrant associated with the subscription agreement is exercisable immediately and has a five year term. The Company has evaluated these warrants for proper classification based on terms of the warrant agreement and has determined that equity classification is appropriate. The Company estimated the relative fair value of the warrant to be \$8,754 using the Black Scholes model, which has been recorded as a component of permanent equity in additional paid in capital.

During May 2012 the Company entered into a consulting agreement under which it is required to pay the consultant a monthly fee consisting of 25,000 shares of restricted common stock beginning May 21, 2012 through May 21, 2013. As of December 31, 2012 the Company has issued 150,000 shares due under this agreement for services rendered during June through November 2012 with a fair value of \$76,500. An accrual in the amount of \$14,000 representing the fair value of the 33,333 unissued shares for services rendered in December 2012 is included in the accompanying December 31, 2012 balance sheet.

During June 2012 the Company issued 80,000 shares of its common stock with a fair value of \$40,800 in exchange for professional consulting services.

On June 29, 2012 the Company issued 1,000,000 shares to an affiliate of Advance Pharmaceutical Co., Ltd. (APC) in a private placement for net proceeds of \$500,000. APC is licensed to distribute SUGARDOWN® in Hong Kong, China and Macau. The Company reviewed the private placement issuance and determined that the issuance price of \$0.50 per share approximates fair value as of the date of issuance.

During July 2012 the Company entered into a consulting agreement under which it is required to pay the consultant a monthly fee consisting of \$4,000 paid in cash and 7,500 shares of restricted common stock. As of December 31, 2012 the Company has issued the 22,500 total shares due under this agreement for services rendered during July, August and September 2012 with an aggregate fair value of \$11,475. The agreement was terminated as of September 30, 2012.

On December 12, 2012 the Company issued 1,250,000 shares of its common stock at a price per share of \$0.50 and issued a warrant to purchase 625,000 additional shares for \$1.00 per share for gross proceeds of \$625,000. The warrant associated with the subscription agreement is exercisable immediately and has a five year term. The Company has evaluated these warrants for proper classification based on terms of the warrant agreement and has determined that equity classification is appropriate. The Company estimated the relative fair value of the warrant to be \$124,019 using the Black Scholes model, which has been recorded as a component of permanent equity in additional paid in capital.

On January 22, 2013 the Company issued 45,833 shares of its common stock with a fair value of \$19,250 in exchange for consulting services incurred in fiscal 2012 and January of 2013. As of December 31, 2012, the Company had accrued \$14,000 representing the fair value of the 33,333 unissued shares for services rendered in December 2012 which was included in the accompanying December 31, 2012 balance sheet. The agreement was terminated in January 2013.

On March 14, 2013 the Company issued 500,000 shares of its common stock at a price per share of \$0.50 and issued a warrant to purchase 250,000 additional shares for \$1.00 per share for gross proceeds of \$250,000. The warrant associated with the subscription agreement is exercisable immediately and has a five year term. The Company has evaluated these warrants for proper classification based on terms of the warrant agreement and has determined that equity classification is appropriate. The Company estimated the relative fair value of the warrant to be \$35,457 using the Black Scholes model, which has been recorded as a component of permanent equity in additional paid in capital.

3. STOCKHOLDERS' EQUITY...continued

Common Stock... continued

On April 29, 2013 the Company issued a warrant to purchase 100,000 of common stock for \$1.00 per share in exchange for consulting services rendered. The warrant associated with the consulting agreement is exercisable immediately and has a five year term. The Company has evaluated these warrants for proper classification based on terms of the warrant agreement and has determined that equity classification is appropriate. The Company estimated the fair value of the warrant to be \$19,865 using the Black Scholes model, which has been recorded as a component of permanent equity in additional paid in capital.

On April 30, 2013 the Company issued 52,000 shares of its common stock with a fair value of \$28,080 in exchange for consulting services rendered during February through April 2013 in connection with two separate consulting agreements.

On June 28, 2013 the Company issued 40,000 shares of its common stock with a fair value of \$14,000 in exchange for consulting services rendered during May and June in connection with two separate consulting agreements.

4. STOCK OPTION PLAN AND STOCK-BASED COMPENSATION

During the period ended March 31, 2013, the board of directors of the Company approved an amendment of the stock option plan entitled "The 2010 Stock Plan" (2010 Plan) to increase the number of shares which the Company may grant options to purchase shares of common stock from 5,000,000 to 7,500,000. On May 31, 2013, record holders of 56% of the issued and outstanding voting common stock approved the proposal. Since the Company made information available through the internet rather than using the full set delivery option, the proposal will become effective 40 calendar days after posting the information to the internet which was July 29, 2013. As of June 30, 2013 and December 31, 2012, there were 578,400 options outstanding under the 2010 Plan, respectively. The amendment will be effective on September 7, 2013, after notifying stockholders.

During the period ended March 31, 2013, the Company amended the non-qualified stock option plan entitled "2011 Non-Qualified Stock Plan" (2011 Plan) to increase the number of shares which the Company may grant options to purchase shares of common stock from 12,000,000 to 17,500,000. As of June 30, 2013 and December 31, 2012, there were 7,348,000 and 7,130,000 options outstanding under the 2011 Plan, respectively.

Under the terms of the stock plans, the Board of Directors shall specify the exercise price and vesting period of each stock option on the grant date. Vesting of the options is typically three to four years and the options typically expire ten years from the date of grant.

The fair value of stock options granted or revalued for three and six months ended June 30, 2013 and 2012 was calculated with the following assumptions:

	2013	2012
Risk-free interest rate	0.49% - 1.55%	0.43% - 1.27%
Expected dividend yield	0%	0%
Volatility factor	85%	90%
Expected life of option	4.50 to 6 years	3.15 to 7 years

The weighted-average fair value of stock options granted during the periods ended June 30, 2013 and 2012, under the Black-Scholes option pricing model was \$0.25 and \$0.21 per share, respectively.

The Company recognized \$192,864 and \$43,384 of stock-based compensation costs in the accompanying statement of operations for the three months ended June 30, 2013 and 2012, respectively. The Company recognized \$385,031 and \$116,866 of stock-based compensation costs in the accompanying statement of operations for the six months ended June 30, 2013 and 2012, respectively. No actual tax benefit was realized from stock option exercises during these periods. As of June 30, 2012, there was approximately \$1,283,000 of unrecognized compensation expense related to non-vested stock option awards that is expected to be recognized over a weighted average period of 2.0 years.

4. STOCK OPTION PLAN AND STOCK-BASED COMPENSATION...continued

	Shares	Exercise Price per Share	Weighted Average Exercise Price per Share
Outstanding as of December 31, 2012	7,708,400	\$ 0.10-1.85	\$ 0.42
Granted	218,000	0.42-1.00	0.74
Exercised	-	-	-
Options forfeited/cancelled	-	-	-
Outstanding as of June 30, 2013	<u>7,926,400</u>	<u>\$ 0.10-1.85</u>	<u>\$ 0.43</u>

The following table summarizes information about stock options that are vested or expected to vest at June 30, 2013:

Vested or Expected to Vest					Exercisable Options			
Exercise Price	Number of Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value	Number of Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
\$ 0.10	1,800,000	\$ 0.10	3.38	\$ 450,000	1,518,750	\$ 0.10	3.41	\$ 379,688
0.42	98,000	0.42	7.51	-	-	0.42	-	-
0.50	5,830,000	0.50	4.64	-	1,892,501	0.50	5.04	-
1.00	120,000	1.00	5.51	-	60,000	1.00	5.51	-
1.85	78,400	1.85	2.25	-	78,400	1.85	2.25	-
<u>\$ 0.10-1.85</u>	<u>7,926,400</u>	<u>\$ 0.43</u>	<u>4.38</u>	<u>\$ 450,000</u>	<u>3,549,651</u>	<u>\$ 0.32</u>	<u>4.29</u>	<u>\$ 379,688</u>

The weighted-average remaining contractual life for stock options exercisable at June 30, 2013 is 4.29 years. At June 30, 2013, the Company has 10,152,000 and 4,421,600 options available for grant under the 2011 Plan and 2010 Plan, respectively. The intrinsic value for fully vested, exercisable options was \$379,688 and \$418,000 at June 30, 2013 and December 31, 2012, respectively. No actual tax benefit was realized from stock option exercises during these periods.

5. RELATED PARTY TRANSACTIONS

Through December 31, 2011, the CEO advanced \$257,820 to BTI to fund start-up costs and operations of the Company. Advances by the CEO carry an interest rate of 6.5% and were due on June 29, 2013. On May 7, 2012, the Company's CEO and President entered into promissory notes to advance to the Company an aggregate of \$40,000. The notes accrue interest at 6.5% per year were due June 30, 2013. As of June 30, 2013, and December 31, 2012, \$53,689 and \$44,090, respectively, of accrued interest had been included in accrued expenses on the accompanying balance sheet. On August 6, 2012, the outstanding notes of \$297,820 were amended to extend the maturity dates to June 29, 2014. On August 2, 2013, the outstanding notes of \$297,820 were amended to extend the maturity dates to June 29, 2015. The CEO and President intend to, but are not legally obligated, to fund the Company's operations in this manner until the Company raises sufficient capital.

On November 13, 2012, Jonathan B. Rome, the Company's Chief Operating Officer, and the Company entered into a securities purchase agreement pursuant to which Mr. Rome invested \$625,000 in the Company's offering of common stock and warrants on Form S-1 to purchase an aggregate of 1,250,000 shares of the Company's common stock at \$0.50 per share and 625,000 warrants to purchase 625,000 shares of its common stock. The exercise price of the warrants is \$1.00 per share. The warrants have a five-year term.

6. INTANGIBLE ASSETS

The SUGARDOWN® technology and provisional patents are being amortized on a straight-line basis over their useful lives of 14 years. Goodwill is not amortized, but is evaluated annually for impairment.

Intangible assets consist of the following at June 30, 2013 and December 31, 2012:

	2013	2012
SUGARDOWN® technology and provisional patents	\$ 900,000	\$ 900,000
Less accumulated amortization	(171,428)	(139,286)
Intangible assets, net	<u>\$ 728,572</u>	<u>\$ 760,714</u>

Amortization expense was \$16,071 and \$32,143 for the three and six months ended June 30, 2013 and 2012, respectively.

7. COMMITMENTS AND CONTINGENCIES

The Company entered into a three year lease agreement for their office lease facility commencing July 1, 2012, with escalating rental payments. On February 21, 2013, the Company amended the lease agreement to extend the lease through March 2018 and increase rental space. The effects of variable rent disbursements have been expensed on a straight-line basis over the life of the lease. The Company recognized rent expense of \$29,512 and \$49,240 during the three and six months ended June 30, 2013, respectively. The Company recognized rent expense of \$1,449 and \$2,564 during the three and six months ended June 30, 2012, respectively. As of June 30, 2013 and December 31, 2012, there was \$30,138 and \$2,267, respectively, of deferred rent included in accrued expenses and other current liabilities in the accompanying balance sheets.

Future minimum lease payments under all non-cancelable operating leases as of June 30, 2013 are as follows:

Fiscal year	
2013	\$ 29,268
2014	60,093
2015	62,169
2016	64,299
2017	66,519
2018	16,770
	<u>\$ 299,118</u>

8. SUBSEQUENT EVENTS

The Company has evaluated events and transactions that occurred from June 30, 2013 through the date of filing, for possible disclosure and recognition in the financial statements. Except as discussed below, the Company did not have any material subsequent events that impact its financial statements or disclosures.

On July 23, 2013, the Company conducted an initial closing of its private placement of securities with an accredited investor pursuant to which the Investor purchased 6,666,660 shares of the Company's common stock and warrants to purchase 3,333,320 shares of common stock at an exercise price of \$0.50 per share for total gross proceeds of \$2,000,000. On August 6, 2013, the Company conducted a second closing of its private placement of securities with accredited investors pursuant to which the Investors purchased a total of 2,828,226 shares of the Company's common stock and warrants to purchase 1,414,113 shares of common stock at an exercise price of \$0.50 per share for a gross total of approximately \$848,000.

On August 2, 2013, the Company's outstanding related party notes, previously discussed in Note 5, were amended to extend the maturity dates to June 29, 2015.

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

The following discussion and analysis is based on, and should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Form 10-Q. This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. The forward-looking statements in this Quarterly Report on Form 10-Q represent our views as of the date of this Quarterly Report on Form 10-Q. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Report on Form 10-Q.

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 COMPARED TO JUNE 30, 2012

Overview

Boston Therapeutics, headquartered in Manchester, NH, (OTC: BTHE) is a leader in the field of complex carbohydrate chemistry. The Company's initial product pipeline is focused on developing and commercializing therapeutic molecules for diabetes: PAZ320, a non-systemic chewable complex carbohydrate-based, drug candidate designed to moderate post-meal blood glucose; IPOXYN, an injectable, anti-necrosis drug specifically designed to treat lower limb ischemia associated with diabetes; SUGARDOWN®, a non-systemic tablet designed to reduce the post prandial glucose in the blood, and BTI -7, a new, chewable dose form of the diabetes drug metformin hydrochloride.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has limited resources and operating history. As shown in the accompanying financial statements, as of June 30, 2013 the Company has an accumulated deficit of approximately \$3,884,000 and has negative working capital of approximately \$285,000. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations from the development of its new business opportunities.

Management has plans to seek additional capital through private placements and public offerings of its common stock. There can be no assurance that the Company will be successful in accomplishing its objectives. Without such additional capital, the Company may be required to cease operations.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

Overall Results

Revenue

Revenue for the three and six month periods ended June 30, 2013 was \$2,118 and \$25,454, respectively, compared to \$2,376 and \$21,230, respectively, for the same periods in the prior year. Revenue from each period was from the sales of SUGARDOWN®.

Costs of Goods Sold

Cost of goods sold for the three and six months ended June 30, 2013 were \$7,971 and \$55,908, respectively, compared to \$4,162 and \$31,757, respectively, for the same periods in the prior year, an increase of \$3,809 and \$24,151, respectively. The increase for the six months ended June 30, 2013 in cost of goods sold relates to the shipment of product to the customer described above. The Company's negative gross profit is attributable to cost of goods sold out-pacing sales as a result of additional fixed costs related to the outsourced fulfillment operation, and manufacturing scale-up from small to production-grade equipment.

Operating Expenses

General and administrative expense for the three and six months ended June 30, 2013 was \$421,570 and \$949,470, respectively, compared to \$139,435 and \$263,971, respectively, for the same periods in the prior year, an increase of \$282,135 and \$685,499, respectively. The increase in expenditures during the three month period ended June 30, 2013, as compared to the three month period ended June 30, 2012, relates primarily to an increase of approximately \$153,000 in stock compensation expense as a result of increased stock option grants during fiscal 2012 and 2013, an increase of approximately \$45,000 in payroll and payroll-related costs due to increased employee headcount, as well as an increase of approximately \$28,000 in rent expense due to the Company's new office facility. The remaining increase in expenditures during the period of approximately \$56,000 relates to the Company's increase in consulting and professional fee services engaged by the Company. The increase in expenditures during the six month period ended June 30, 2013, as compared to the six month period ended June 30, 2012, relates primarily to an increase of approximately \$301,000 in stock compensation expense due to increased stock option grants during fiscal 2012 and 2013, an increase of approximately \$90,000 in payroll and payroll-related costs due to increased employee headcount, an increase in accounting and legal professional service fees of \$221,000 due to increased business operations and agreement execution, as well as an increase of approximately \$47,000 in rent expense due to the Company's new office facility. The remaining increase in expenditures during the period of approximately \$26,000 relates to the Company's increase in consulting and additional professional fee services engaged by the Company.

Research and development expense for the three and six months ended June 30, 2013 was \$19,822 and \$48,483, respectively, compared to \$67,924 and \$119,552, respectively, for the same period in the prior year, a decrease of \$48,102 and \$71,069. The decrease is primarily a result of reduced research and development activity during the first six months of 2013 as the Company tries to increase its sales and marketing activity.

Sales and marketing expense for the three and six months ended June 30, 2013 was \$67,170 and \$148,396, respectively, compared to \$66,898 and \$134,038, respectively, for the same periods in the prior year, an increase of \$272 and \$14,358, respectively. The increase in six month activity relates primarily to increased efforts during the first quarter of fiscal 2013 focused around the advertising and promotion of the Company's SUGARDOWN® product.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2013

As of June 30, 2013, we had cash of \$12,761 and accounts payable and accrued expenses and other current liabilities of \$535,973. On July 23, 2013, we raised \$2,000,000 and on August 6, 2013, we raised approximately \$848,000 in a private placement of unregistered common stock and warrants to purchase common stock. On August 2, 2013, the outstanding notes of \$297,820 were amended to extend the maturity dates to June 29, 2015. The CEO and President intend to, but are not legally obligated, to fund the Company's operations in this manner until the Company raises sufficient capital. We have received minimal revenues from the SUGARDOWN® product.

We plan to seek additional capital through private placements and public offerings of our common stock. There can be no assurance that the Company will be successful in accomplishing its objectives. Without such additional capital, the Company may be required to cease operations.

Our CEO and our President intend to provide minimal cash to fund critical needs once the proceeds of the private placement are exhausted and until additional shares are sold to raise capital or SUGARDOWN® or other products generate sufficient revenues to fund the operations of the Company.

Our CEO also contributed a provisional patent, a patent and know-how to the Company. We intend to use these and other assets to attract investors in order to raise the capital required to fund operations. Even if we are able to continue our operations, the failure to obtain financing could have a substantial adverse effect on our business and financial results. In the future, we may be required to seek additional capital by selling debt or equity securities, and we may be required to cease operations, or otherwise be required to bring cash flows in balance when we approach a condition of cash insufficiency. The sale of additional equity or debt securities, if accomplished, may result in dilution to our then shareholders. We provide no assurance that financing will be available in amounts or on terms acceptable to us, or at all.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our investors.

CRITICAL ACCOUNTING POLICIES

See Note 1 Summary of Significant Accounting Policies, of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 herein for a discussion of critical accounting policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide the information requested by this item, as provided by Regulation S-K Item 305(e).

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Pursuant to Rules 13a-15(b) and 15-d-15(b) under the Securities Exchange Act of 1934, as amended (“Exchange Act”), the Company carried out an evaluation, with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer (“CEO/CFO”) (the Company’s principal financial and accounting officer), of the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this report. The term “disclosure controls and procedures”, as defined under Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based upon the evaluation of the disclosure controls and procedures at the end of the period covered by this report, the Company’s CEO/CFO concluded that the Company’s disclosure controls and procedures were not effective due to a material weakness in the Company’s internal control over financial reporting as discussed below.

Changes in Internal Control Over Financial Reporting

The Company has evaluated the changes in its internal control over financial reporting that occurred during the quarter ended June 30, 2013 and concluded that the following matters have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

As of June 30, 2013, there was a material weakness in the Company's internal control over financial reporting due to the fact that the Company did not have a process established to ensure adequate levels of review of accounting and financial reporting matters, which resulted in our closing process not identifying all required adjustments in a timely fashion.

Although the Company has hired consultants to assist with SEC reporting and accounting matters, we expect that the Company will need to hire accounting personnel with the requisite knowledge to improve the levels of review of accounting and financial reporting matters. The Company may experience delays in doing so and any such additional employees would require time and training to learn the Company's business and operating processes and procedures. For the near-term future, until such personnel are in place, this will continue to constitute a material weakness in the Company's internal control over financial reporting that could result in material misstatements in the Company's financial statements not being prevented or detected. The Company's management, including the Company's CEO/CFO, does not expect that the Company's internal control over financial reporting will prevent all errors and all fraud. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have not been any material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Title of Document
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended*
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended*
32.1	Certification pursuant to Section 906 of Sarbanes Oxley Act of 2002 (Chief Executive Officer)**
32.2	Certification pursuant to Section 906 of Sarbanes Oxley Act of 2002 (Chief Financial Officer)**
101	The following financial statements from the Quarterly Report on Form 10-Q of Boston Therapeutics, Inc. for the quarter ended June 30, 2012 formatted in XBRL: (i) Condensed Balance Sheets (unaudited), (ii) Condensed Statements of Operations (unaudited), (iii) Condensed Statements of Cash Flows (unaudited), and (iv) Notes to Condensed Financial Statements (unaudited), tagged as blocks of text.*

*Filed as an exhibit hereto.

**These certificates are furnished to, but shall not be deemed to be filed with, the Securities and Exchange Commission.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, there unto duly authorized.

BOSTON THERAPEUTICS, INC.

Date: August 9, 2013

By: /s/ David Platt
David Platt
Chief Executive Officer and Chief Financial
Officer



CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14

I, David Platt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Boston Therapeutics, 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 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.

Dated: August 9, 2013

By: /s/ David Platt
David Platt
Chief Executive Officer



CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a-14

I, David Platt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Boston Therapeutics, 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 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.

Dated: August 9, 2013

By: /s/ David Platt
David Platt
Chief Financial Officer



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 of Boston Therapeutics, Inc. (the "Company") for the quarter ending June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), David Platt, Chief Executive Officer of the Company, 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 his knowledge:

- (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.

Dated: August 9, 2013

By: /s/ David Platt
David Platt
Chief Executive Officer



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 of Boston Therapeutics, Inc. (the "Company") for the quarter ending June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), David Platt, Chief Financial Officer of the Company, 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 his knowledge:

- (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.

Dated: August 9, 2013

By: /s/ David Platt
David Platt
Chief Financial Officer

