# 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, 2011**

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: **333-164785**

# BOSTON THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

| **Delaware** | **27-0801073** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **33 South Commercial Street Manchester, NH** | **03101** |
| (Address of principal executive offices) | (Zip Code) |

**978-886-0421**

(Registrant's telephone number, including area code)

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

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 ☐ (the Registrant is not yet required to submit Interactive Data)

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 August 15, 2011 |
|---|---|
| Common Stock, $0.001 par value per share | 16,132,705 shares |

**BOSTON THERAPEUTICS, INC.**
**FORM 10-Q**

**TABLE OF CONTENTS**



*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.
(Formerly Avanyx Therapeutics, Inc.)
(A Development Stage Company)
Condensed Balance Sheets (Unaudited)
June 30, 2011 and December 31, 2010

| | June 30, 2011 | December 31, 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 440,410 | $ 15,193 |
| Prepaid expenses | 1,710 | 1,728 |
| Inventory | 14,429 | 4,149 |
| Total current assets | 456,549 | 21,070 |
| Intangible assets, net | 857,143 | 889,286 |
| Goodwill | 69,782 | 69,782 |
| Total assets | $ 1,383,474 | $ 980,138 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 202,963 | $ 45,917 |
| Accrued expenses | 68,400 | 222,512 |
| Advances - related party | 257,820 | - |
| Total current liabilities | 529,183 | 268,429 |
| Advances – related party | - | 177,820 |
| Total liabilities | 529,183 | 446,249 |
| 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, 16,076,705 and 14,041,236 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively | 16,076 | 14,041 |
| Additional paid-in capital | 1,425,914 | 905,964 |
| Subscription receivable | (8,867) | - |
| Deficit accumulated during the development stage | (578,832) | (386,116) |
| Total stockholders' equity | 854,291 | 533,889 |
| Total liabilities and stockholders' equity | $ 1,383,474 | $ 980,138 |

**See accompanying notes to unaudited condensed financial statements**

Boston Therapeutics, Inc.
(Formerly Avanyx Therapeutics, Inc.)
(A Development Stage Company)
Condensed Statements of Operations (Unaudited)
For the Three and Six Month Periods Ended June 30, 2011 and 2010
and the Period from Inception (August 24, 2009) through June 30, 2011

| | For the Three Months Ended | | For the Six Months Ended | | Period From Inception (August 24, 2009) to |
|---|---|---|---|---|---|
| | June 30, 2011 | June 30, 2010 | June 30, 2011 | June 30, 2010 | June 30, 2011 |
| Revenue | $ 1,767 | $ - | $ 2,247 | $ - | $ 2,675 |
| Cost of goods sold | 1,287 | - | 2,250 | - | 2,648 |
| Gross margin | 480 | - | (3) | - | 27 |
| Operating expenses: | | | | | |
| Research and development | 16,072 | - | 33,211 | - | 43,983 |
| Sales and marketing | 1,542 | - | 1,997 | - | 5,673 |
| General and administrative | 75,459 | 83,268 | 150,295 | 95,754 | 513,979 |
| Total operating expenses | 93,073 | 83,268 | 185,503 | 95,754 | 563,635 |
| Operating loss | (92,593) | (83,268) | (185,506) | (95,754) | (563,608) |
| Interest expense-related party | 4,104 | 1,553 | 7,210 | 2,603 | 15,224 |
| Net loss | $ (96,697) | $ (84,821) | $ (192,716) | $ (98,357) | $ (578,832) |
| Net loss per share - basic and diluted | $ (0.01) | $ (0.01) | $ (0.01) | $ (0.01) | |
| Weighted average shares outstanding - basic and diluted | 14,264,914 | 10,030,248 | 14,153,075 | 10,015,235 | |

**See accompanying notes to unaudited condensed financial statements**

Boston Therapeutics, Inc.
(Formerly Avanyx Therapeutics, Inc.)
(A Development Stage Company)
Condensed Statements of Cash Flows (Unaudited)
For the Three and Six Month Periods Ended June 30, 2011 and 2010
and the Period from Inception (August 24, 2009) through June 30, 2011

| | For the Six Months Ended | | Period From Inception **(August 24, 2009)** |
|---|---|---|---|
| | **June 30, 2011** | **June 30, 2010** | **to June 30, 2011** |
| Cash flows from operating activities: | | | |
| Net loss | $ (192,716) | $ (98,357) | $ (578,832) |
| Adjustments to reconcile net loss to net cash | | | |
| used in operating activities: | | | |
| Amortization of intangible assets | 32,143 | - | 42,857 |
| Stock based compensation | 13,118 | - | 13,240 |
| Changes in: | | | |
| Inventory | (10,280) | - | (10,059) |
| Prepaid expenses | 18 | - | 1,207 |
| Accounts payable | 157,046 | (5,973) | 202,963 |
| Accrued expenses | (154,112) | 39,395 | 21,581 |
| Net cash used in operating activities | (154,783) | (64,935) | (307,043) |
| Cash flows from investing activities: | | | |
| Net cash acquired in acquisition of Boston Therapeutics, Inc. | - | - | 8,397 |
| Net cash provided by investing activities | - | - | 8,397 |
| Cash flows from financing activities | | | |
| Proceeds from advances - related party | 80,000 | 60,603 | 197,820 |
| Proceeds from investment in capital stock - related party | - | 21,236 | 21,236 |
| Proceeds from investment in capital stock | 500,000 | - | 520,000 |
| Net cash provided by financing activities | 580,000 | 81,839 | 739,056 |
| Net increase (decrease) in cash and cash equivalents | 425,217 | 16,904 | 440,410 |
| Cash and cash equivalents, beginning of period | 15,193 | 23,530 | - |
| Cash and cash equivalents, end of period | $ 440,410 | $ 40,434 | $ 440,410 |
| **Supplemental disclosure of cash flow information:** | | | |
| Cash paid during the period for: | | | |
| Interest | | $ - | $ - |
| Income taxes | | $ - | $ - |
| Acquisition of Boston Therapeutics, Inc.: | | | |
| Fair value of assets acquired | | | $ 985,466 |
| Assumed liabilities | | | (106,819) |
| Fair value of common stock issued | | | $ 878,647 |
| Subscription receivable | $ 8,867 | | $ 8,867 |

**See accompanying notes to unaudited condensed financial statements**

## 1. GENERAL ORGANIZATION AND BUSINESS

Boston Therapeutics, Inc. (the "Company") was formed as a Delaware corporation on August 24, 2009 under the name "Avanyx Therapeutics, Inc." On November 10, 2010, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Boston Therapeutics, Inc., a New Hampshire corporation ("Target") providing for the merger of Target into the Company with the Company being the surviving entity (the "Merger"), the issuance by the Company of 4,000,000 shares of common stock to the stockholders of Target in exchange for 100% of the outstanding common stock of Target, and the change of the Company's name to Boston Therapeutics, Inc. David Platt, the Company's Chief Executive Officer ("CEO") and Chief Financial Officer, is a founder of Target and was a director and minority stockholder of Target at the time of the Merger. Dr. Platt received 400,000 shares of the Company's common stock in connection with the Merger. Kenneth A. Tassey, Jr., who became the Company's President shortly after the Merger, was the Chief Executive Officer, President and principal stockholder of Target at the time of the Merger. Mr. Tassey received 3,200,000 shares of our common stock in connection with the Merger.

The Company's primary business is the development, manufacture and commercialization of therapeutic drugs and dietary supplements with a focus on glyco-pathology, a specialized field involving understanding the importance of carbohydrates in biochemistry and progression of diseases. The Company is currently focusing on three products, IPOXYN™, an anti-hypoxia drug that the Company is currently developing, PAZ-320, an oral drug candidate for diabetes and SUGARDOWN™, a complex carbohydrate-based dietary supplement that the Company is currently marketing.

On June 24, 2011, the Company granted Advance Pharmaceutical Company ("APC") exclusive rights to market and sell SUGARDOWN™ in China. Under terms of the agreement, the Company will manufacture and supply product in bulk for APC. APC will be responsible for the packaging, marketing and distribution of SUGARDOWN™ in the region. APC will also have rights to develop and manufacture SUGARDOWN™ for commercial sale in the region, subject to establishment of quality assurance and quality control standards set forth by the Company. In addition to the licensing agreement, APC made an equity investment in the Company to support clinical trials on SUGARDOWN™.

The Company has minimal operations and is considered to be in the development stage as of June 30, 2011.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company is a recently formed entity with limited resources and operating history. As shown in the accompanying financial statements, the Company has incurred net losses of $578,832 for the period from August 24, 2009 (inception) to June 30, 2011, however, has negative working capital of $72,634 as of June 30, 2011. 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.

**1. GENERAL ORGANIZATION AND BUSINESS…continued**

Management has plans to seek additional capital through private placements and public offerings of its common stock. The Company filed a Registration Statement on Form S-1 to the Securities and Exchange Commission ("SEC") which became effective October 15, 2010. The Company is planning to sell in a self-directed offering 10,000,000 shares of newly issued common stock. On June 21, 2011, the Company agreed to sell 2,035,469 shares for $508,867 in a private placement offering.

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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES**

Basis of Presentation

The accompanying unaudited 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, 2010 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, 2011 and the results of operations for the three and six month periods ended June 30, 2011 and 2010 and the period from inception (August 24, 2009) through June 30, 2011.

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 period ended June 30, 2011 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES…continued**

Cash and Cash Equivalents

For purposes of reporting within the statement of cash flows, the Company considers all cash on hand, cash accounts not subject to withdrawal restrictions or penalties, and all highly liquid investments with original maturities of 90 days or less at the time of acquisition to be cash equivalents.

The Company maintains its cash in institutions insured by the Federal Deposit Insurance Corporation ("FDIC").

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 contain no contractual rights of return or multiple elements. In practice the Company has not experienced or granted returns of product. Shipping fees charged to customers are included in revenue and shipping costs are included in costs of sales.

Inventory

Inventories are stated at the lower of cost (first-in, first-out) or market, not in excess of net realizable value. The Company capitalizes nonrefundable advance payments for goods or services that will be used or rendered for future research and development activities.

Intangible Assets, net

Intangible assets consist of identifiable finite-lived assets acquired in business acquisitions. Acquired intangible assets are recorded at fair value on the date of acquisition. Certain acquired intangible assets, including developed technology, products and trade names, are amortized over their economic useful lives on a straight line basis.

Goodwill

The Company follows the guidance of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, *Goodwill and Other Intangible Assets*. Under ASC 350, goodwill and certain other intangible assets with indefinite lives are not amortized, but instead are reviewed for impairment at least annually.

The Company tests goodwill for impairment in the fourth quarter of each year or more frequently if events or changes in circumstances indicate that the asset might be impaired. The test is based on a comparison of the reporting unit's book value to its estimated fair value.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES…continued**

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 months ended June 30, 2011 did not include 138,577 options because of their anti-dilutive effect.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or be settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided when it is more likely than not that some portion of the gross deferred tax asset will not be realized.

Fair Value of Financial Instruments

As of June 30, 2011, the carrying value of cash and cash equivalents, accounts payable, advances payable – related party and accrued expenses approximated fair value due to their short-term nature.

Stock-Based Compensation

The Company selected the Black-Scholes option-pricing model to determine the fair value of stock option awards. Stock-Based Compensation is recognized on a straight-line basis over the requisite service periods for the awards.

Recent Accounting Pronouncements

Accounting Standards Update ("ASU") 2010-28, *Intangibles – Goodwill and Other (Topic 350) - When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts - a consensus of the FASB Emerging Issues Task Force*, modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any

**2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES…continued**

adverse qualitative factors indicating that an impairment may exist. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The Company will perform the annual impairment test during Q4 and is evaluating the impact on the financial statements.

**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.

Preferred Stock

No shares of preferred stock have been issued and the terms of such preferred stock have not been designated by the Board of Directors.

Common Stock

On August 26, 2009, the Company issued 10,000,000 shares of its $0.001 par value common stock to its two founders. Eight million shares were issued to the Company's Chief Executive Officer (CEO), Chairman of the Board of Directors and co-founder, in exchange for a patent, a provisional patent and know-how. In accordance with ASC 845-10-S99, *Transfers of Non-monetary Assets from Promoters or Shareholders*, the transfer of nonmonetary assets to a company by its shareholders in exchange for stock prior to the Company's initial public offering should be recorded at the transferor's historical cost basis determined under GAAP. As a result, the value of the patent, provisional patent and know-how was valued at the CEO's historical cost basis of zero because no records exist to support an historical cost basis in accordance with GAAP. The patent and provisional patent were assigned to the Company on December 10, 2009. The remaining 2,000,000 shares were issued to the co-founder for $10,000 in cash.

On March 31, 2010, the Company issued 20,000 shares of common stock for $10,000 cash to an investor. On April 9, 2010, the Company issued 11,236 shares of common stock in exchange for $11,236 to a related party. On October 4, 2010, the Company issued 10,000 shares for $10,000 cash to an investor. On November 6, 2010, the Company issued 4,000,000 shares of common stock in connection with the merger transaction described in Note 1. On June 21, 2011, the Company agreed to sell 2,035,469 shares for $508,867 in a private placement offering of which $500,000 was received by the Company during the three month period ending June 30, 2011. No other issuances of preferred or common stock have been made.

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

**The 2010 Stock Plan**

The Company adopted a stock option plan entitled "The 2010 Stock Plan" (2010 Plan) under which the Company may grant options to purchase up to 5,000,000 shares of common stock. As of June 30, 2011, there were 138,577 options outstanding under the 2010 Plan.

During the year ended December 31, 2010, the Company granted options to purchase 78,400 shares of common stock with an exercise price of $1.85 to a consultant. The options began vesting January 1, 2011 at a rate of 9,800 options per quarter until the final vesting date of October 1, 2012. Stock-based compensation relating to this grant was $333 for the six month period ending June 30, 2011 and the unrecognized compensation at June 30, 2011 was $1,043. The options have a contractual life of 4.83 years.

On January 19, 2011, the Company granted 421,237 shares of common stock with an exercise price of $0.25 to a consultant. The options began vesting March 1, 2011 at a rate of 20,059 per month. As of March 31, 2011, 20,059 options were vested. On April 6, 2011 the Company terminated its engagement with this consultant effective May 6, 2011. An additional 40,118 of the consultant's options had vested as of the termination date, and the remaining 361,060 options were canceled. The total options vested at the date of termination were 60,177 which have a fair value of $0.21 and an estimated remaining life of 9.75 years. The total stock-based compensation for these options is $12,785 which will be expensed over the consultant's service period of approximately 4 months. Stock-based compensation relating to this grant was $4,261 and $12,785 for the three and six month periods ending June 30, 2011 and there is no unrecognized compensation at June 30, 2011.

The Company used the Black-Scholes option-pricing model to determine the fair value of the option grants and the related compensation expense. The Company recorded $4,261 and $13,118 in compensation expense for the three and six month periods ended June 30, 2011 related to the non-employee options. The Company measures and recognizes compensation expense as they vest for stock-based awards issued to non-employees over the service period.

Expected volatility for the options issued during the three months ended March 31, 2011 was 90%. The Company does not have a history of market prices of their common stock, and as such volatility is estimated using historical volatilities of similar public entities.

The risk-free interest rate used for each grant is equal to the U.S. Treasury yield in effect at the time of grant for instruments with a similar expected life. The risk-free interest rate was 0.60% for all 2011 grants.

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

There is no intrinsic value for fully vested, exercisable options at June 30, 2011 based on the Company's latest valuation of its common stock of $0.2466.

| | Shares | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, December 31, 2010 | 78,400 | $ 1.85 |
| Granted | 421,237 | 0.25 |
| Exercised | - | - |
| Options forfeited/cancelled | (361,060) | 0.25 |
| Outstanding, June 30, 2011 | 138,577 | $ 1.16 |

**5. RELATED PARTY TRANSACTIONS**

The CEO advanced $197,820 to the Company and $60,000 to Target to fund start-up costs and operations of the Company and Target. These advances have a maturity date of June 30, 2012. Advances by the CEO carry an interest rate of 6.5%. As of June 30, 2011, $17,193 of accrued interest had been included in accrued expenses on the accompanying condensed balance sheet. The CEO intends, but is not legally obligated, to fund the Company's operations in this manner until the Company raises sufficient capital.

**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, 2011:

| | |
|---|---|
| SUGARDOWN™ technology and provisional patents | $ 900,000 |
| Less accumulated amortization | (42,857) |
| Intangible assets, net | $ 857,143 |

Amortization expense was $16,072 and $32,143 for the three and six months ended June 30, 2011, respectively.

**7. COMMITMENTS AND CONTINGENCIES**

During the three months ended March 31, 2011, the Company entered into an agreement with a consultant whereby the consultant accrued monthly fees, commencing February 15, 2011, of $10,000 to be paid should the Company raise $1,000,000 in equity capital from investors prior to January 15, 2012. The Company terminated the agreement with the consultant in the quarter ended June 30, 2011. Should the Company raise $1,000,000 in equity capital prior to January 15, 2012, the Company would be obligated to pay the consultant $25,000 under the terms of the agreement as of the date of termination. Due to the uncertainties regarding the achievement of such an equity raise, the Company has not accrued for these amounts. When it is deemed probable that this amount will be raised, the Company will recognize the $25,000 at that time.

**8. SUBSEQUENT EVENTS**

The Company has evaluated events and transactions that occurred from June 30, 2011 through the date of filing, for possible disclosure and recognition in the financial statements.

In July 2011, the Company sold an additional 56,000 shares of our common stock in the private placement described in Note 1 to our unaudited condensed financial statements at a price of $0.25 per share, yielding gross proceeds to us of $14,000.

**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.*

The following discussion should be read in conjunction with our financial statements.

**Overview**

We are a development-stage company that was formed on August 24, 2009.

Our Chief Executive Officer ("CEO") and founder has contributed a provisional patent, a patent and know-how to the Company. In accordance with ASC 845-1-S99, *Transfers of Non-Monetary Assets from Promoters or Shareholders*, the transfer of non-monetary assets to a company by its shareholders in exchange for stock prior to the Company's initial public offering should be recorded at the transferor's historical cost basis determined under GAAP. Because no records exist to support a historical cost basis in accordance with GAAP, the patent, provisional patent and know-how were valued at the CEO's historical cost basis of zero.

On November 10, 2010, we entered into an Agreement and Plan of Merger with Boston Therapeutics, Inc. ("BTI"). BTI is in the business of developing, manufacturing and selling, among other things, dietary supplements including its initial product, SUGARDOWN™, a complex carbohydrate based dietary supplement based upon BTI's proprietary processes and technology. SUGARDOWN™ is currently in the initial stage of market introduction. We believe that SUGARDOWN™ has significant revenue and positive cash flow potential.

We issued 4,000,000 shares of common stock to the stockholders of BTI in exchange for all the outstanding common stock of BTI, and the Company's name was changed to Boston Therapeutics, Inc. The CEO is also a founder of BTI and was a 10% shareholder of BTI at the time of the merger. A valuation of the Company's common stock was performed resulting in a fair value per share of $0.2466. Based on the 4,000,000 shares of common stock issued for BTI the total consideration was valued at $986,400. However, because the Company's CEO, its majority shareholder, was also a 10% shareholder of BTI, 10% of BTI was valued at his historical cost basis and 90% of Target was valued at fair value.

We must raise new capital to continue our business operations and intend to use the provisional patent, patent and know-how contributed by our CEO and the assets acquired from BTI (as described in Notes 1 and 6 to the financial statements included elsewhere in this Form 10-Q) to raise capital. We raised $508,867 from the sale of our common stock in a private placement in June 2011. If we exhaust these funds, our CEO intends to provide minimal cash to fund critical needs until additional shares are sold to raise capital. We anticipate the need for approximately $5,000,000 in additional funding to support the planned expansion of our operations over the next approximately 12 months. The Company has filed a Registration Statement on Form S-1 to the Securities and Exchange Commission ("SEC") registering a self-directed offering of 10,000,000 shares of its common stock at a price of $0.50 per share. There is no guarantee that this offering will be successful.

**Results of Operations**

*Three months ended June 30, 2011 and June 30, 2010*

Revenue for the three months ended June 30, 2011 of $1,767 were generated from the sale of the SUGARDOWN™ product. There was no revenue for the three months ended June 30, 2010.

Cost of goods sold for the three months ended June 30, 2011 of $1,287 consisted primarily of the cost of the SUGARDOWN™ product and shipping and fulfillment costs. There was no cost of goods sold for the three months ended June 30, 2010.

General and administrative expense for the three months ended June 30, 2011 was $75,459 a decrease of $7,809 or 9% from $83,268 for the three months ended June 30, 2010. This consists primarily of legal and accounting fees associated with the Form S-1 filing and quarterly financial statements for the Company.

We had research and development expense for the three months ended June 30, 2011 of $16,072 consisting primarily of amortization of the SUGARDOWN™ product. There was no research and development expense for the three months ended June 30, 2010.

*Six months ended June 30, 2011 and June 30, 2010*

Revenue for the six months ended June 30, 2011 of $2,247 were generated from the sale of the SUGARDOWN™ product. There was no revenue for the six months ended June 30, 2010.

Cost of goods sold for the six months ended June 30, 2011 of $2,250 consisted primarily of the cost of the SUGARDOWN™ product and shipping and fulfillment costs. There was no cost of goods sold for the six months ended June 30, 2010.

General and administrative expense for the six months ended June 30, 2011 was $150,295 an increase of $54,541 or 57% from $95,754 for the six months ended June 30, 2010. This consists primarily of legal and accounting fees associated with the Form S-1 filing and quarterly financial statements for the Company.

We had research and development expense for the six months ended June 30, 2011 of $33,211 consisting primarily of amortization of the SUGARDOWN™ product. There was no research and development expense for the six months ended June 30, 2010.

**Liquidity and Capital Resources**

*As of June 30, 2011*

As of June 30, 2011, we had cash of $440,410 and accounts payable and accrued expenses of $271,363. The cash is largely attributable to the proceeds from our private placement of common stock in June 2011.

We have received minimal revenues from our acquisition of the SUGARDOWN™ product. Without substantial revenue and known, adequate and available financing, there is uncertainty regarding the Company's ability to continue as a going concern.

Management has plans to seek additional capital through private placements and public offerings of its common stock, including the registered self-directed offering described above. 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 intends to continue to provide minimal cash to fund critical needs once the proceeds of the private placement are exhausted until additional shares are sold to raise capital.

Our CEO also contributed a provisional patent, a patent and know-how to the Company. We intend to use these assets and SUGARDOWN™ to attract investors in order to raise the capital required to fund operations.

Other than our CEO's intention to provide minimal cash, we have no current commitment from our officers and directors or any of our shareholders, to supplement our operations or provide us with financing in the future. If we are unable to raise additional capital from conventional sources and/or additional sales of stock in the future, we may be forced to curtail or cease our 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.

**Contractual obligations**

We do not currently have any material contractual obligations.

**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 material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures or capital resources.

**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 defined under Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company's CEO/CFO concluded that the Company's disclosure controls and procedures were effective as of June 30, 2011 to ensure that information required to be disclosed by the Company in the reports that the Company 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, and that such information is accumulated and communicated to the Company's management, including the Company's CEO/CFO, as appropriate, to allow timely decisions regarding required disclosure.

**Changes in Internal Control Over Financial Reporting**

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) under the Exchange Act) during the fiscal period to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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**

The following risk factors have materially changed from the similarly captioned risk factors included in the Company's Form 10-K for the fiscal year ended December 31, 2010, as amended:

**IF WE DO NOT RECEIVE ADDITIONAL FUNDING, WE WOULD HAVE TO CURTAIL OR CEASE DEVELOPMENT STAGE OPERATIONS.**

For the period from inception on August 29, 2009 through June 30, 2011, we had a net loss of $578,832, of which $248,295 was incurred during the fiscal year ended December 31, 2010. As of June 30, 2011, the Company had $440,410 in cash on hand. We do not currently have sufficient capital resources to fund operations. To stay in business, we will need to raise additional capital through public or private sales of our securities, debt financing or short-term bank loans, or a combination of the foregoing.

We will need additional capital to fully implement our business, operating and development plans. However, additional funding from an alternate source or sources may not be available to us on favorable terms, if at all. To the extent that money is raised through the sale of our securities, the issuance of those securities could result in dilution to our existing security holders. If we raise money through debt financing or bank loans, we may be required to secure the financing with some or all of our business assets, which could be sold or retained by the creditor should we default in our payment obligations. If we fail to raise sufficient funds, we would have to curtail or cease operations.

Management has developed what it believes is a viable plan to continue as a going concern. The plan relies upon our ability to obtain additional sources of capital and financing. We believe that if we can raise $5,000,000 in our public offering, which would require the offering to be fully-subscribed, it will be sufficient to provide working capital for the next year. Our Chief Executive Officer intends to provide us with minimal cash to fund critical needs until we are able to raise additional capital from our public offering or another offering but there is no guarantee that he will do so or will do so for any extended period of time. We have filed a post-effective amendment to our registration statement on Form S-1 registering the sale of up to 10,000,000 shares at $0.50 per share. We will need this post-effective amendment to be declared effective before we can make sales pursuant to the S-1. Presently we do not have any existing sources or plans for financing other than the public offering, a private offering of our securities and our Chief Executive Officer. If we are unable to receive additional financing, we may be required to cease operations.

**OUR MANAGEMENT AND ONE SIGNIFICANT SHAREHOLDER COLLECTIVELY OWN A SUBSTANTIAL MAJORITY OF OUR COMMON STOCK.**

Collectively, our officers, our directors and one significant shareholder own or exercise voting and investment control over 81% of our outstanding common stock and will continue to own over 50% of the outstanding equity of the Company assuming all of the 10,000,000 shares being offered in our public offering are ultimately sold. As a result, investors may be prevented from affecting matters involving the Company, including:

- the composition of our Board of Directors and, through it, any determination with respect to our business direction and policies, including the appointment and removal of officers;
- any determinations with respect to mergers or other business combinations;
- our acquisition or disposition of assets; and
- our corporate financing activities.

Furthermore, this concentration of voting power could have the effect of delaying, deterring or preventing a change of control or other business combination that might otherwise be beneficial to our stockholders. This significant concentration of share ownership may also adversely affect the trading price for our common stock because investors may perceive disadvantages in owning stock in a company that is controlled by a small number of stockholders.

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

There were no unregistered securities sold by us during the quarter ended June 30, 2011 not previously reported on a Current Report on Form 8-K.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. (Removed and Reserved)**

**Item 5. Other Information**

On July 22 2011, we submitted a petition to declare that our Metformin Hydrochloride Chewable Tablets are suitable for consideration in an Abbreviated New Drug Application ("ANDA") to the U.S. Food and Drug Administration ("FDA"). The Reference Listed Drug at the FDA is Bristol-Myers Squibb's Glucophage® product ([metformin hydrochloride] Tablets). Metformin is indicated for the treatment of Type 2 diabetes and is an oral diabetes medication that helps control blood glucose levels. Metformin is sometimes used in combination with insulin or other medications, but it is not used for the treatment of Type 1, or insulin-dependent, diabetes. Insulin is a hormone produced by the pancreas that controls blood glucose levels by reducing the amount of glucose made by the liver and by increasing the removal of glucose from the blood by fat and muscle tissue. Metformin acts by increasing the sensitivity of liver, muscle and fat tissue to the effects of insulin, and thereby lowers the level of glucose in the blood. If we receive FDA approval of the ANDA we expect to offer chewable metformin as a new product separate from SUGARDOWN™.

In July 2011, we sold an additional 56,000 shares of our common stock in the private placement described in Note 1 to our unaudited condensed financial statements at a price of $0.25 per share, yielding gross proceeds to us of $14,000. The shares described were offered and sold solely to "accredited investors" in reliance on the exemption from registration afforded by Rule 506 of Regulation D promulgated under Section 4(2) of the Securities Act. In connection with the sale of these securities, the Company relied on each of the investors' written representations that it was an "accredited investor" as defined in Rule 501(a) of Regulation D. In addition, neither the Company nor anyone acting on its behalf has offered or sold these securities by any form of general solicitation or general advertising. At the time of their issuance, the securities will be deemed to be restricted securities for purposes of the Securities Act, and the certificates representing the securities shall bear legends to that effect. The securities may not be resold or offered in the United States without registration or an exemption from registration.

Kenneth A. Tassey, Jr., our President, entered into an Employment Agreement with us dated August 11, 2011, pursuant to which he will receive a base salary of $36,000 per year, a severance payment equal to 50% of his annual base salary if he is terminated without cause and other benefits. The Employment Agreement provides for an initial term through December 31, 2012 with additional one year terms until terminated.

**Item 6. Exhibits**

| Exhibit No. | Title of Document |
|---|---|
| 10.1 | License and Manufacturing Agreement between Boston Therapeutics, Inc. and Advance Pharmaceutical Company Limited effective as of June 24, 2011* |
| 10.2 | Employment Agreement between Boston Therapeutics, Inc. and Ken Tassey dated as of August 11, 2011* |
| 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)** |

*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 __, 2011

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

**Exhibit 10.1**

**Certain portions of this exhibit, as indicated by [***] , have been omitted, pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934. The omitted materials have been separately filed with the Securities and Exchange Commission.**

# LICENSE AND MANUFACTURING AGREEMENT

**BETWEEN**

**BOSTON THERAPEUTICS, INC.**

**AND**

**ADVANCE PHARMACEUTICAL COMPANY LIMITED**

**TABLE OF CONTENTS**

**LICENSE AND MANUFACTURING AGREEMENT**

**This LICENSE AND MANUFACTURING AGREEMENT (this "Agreement") is effective as of June 24, 2011 (the "Effective Date") by and between:-**

(1) **BOSTON THERAPEUTICS, Inc.** a company incorporated under the laws of Delaware, USA having a principal place of business at 33 South Commercial St. Manchester, NH 03101, United States of America ("**BTI**"); and

(2) **ADVANCE PHARMACEUTICAL COMPANY LIMITED**, a company incorporated under the laws of the Hong Kong Special Administrative Region of the People's Republic of China at Tai Po, New Territories ("**the Licensee**"),

(BTI and the Licensee are each referred to herein by name or, individually, as a "Party" or, collectively, as the "Parties".)

**WHEREAS:**

A. BTI is a biopharmaceutical company having certain proprietary rights, technologies and data related to dietary supplements and potential drug agents developed from complex carbohydrate chemistry.

B. The Licensee is a Hong Kong Asia-based pharmaceutical company with a vertically integrated platform engaged in development, manufacturing, design, marketing, sales, logistics and distribution of pharmaceutical and other health care products.

C. By an option agreement dated July 7, 2010 ("Option Agreement") as set out in Exhibit 1, Zapp Biotechnology Company Ltd. (the **"Optionee")** was granted an option by BTI (the "**Option**") to enter into a license and manufacturing agreement according to the terms stipulated in the Option Agreement. Optionee has designated the Licensee as its nominee to enter into this Agreement.

D. BTI and the Licensee wish to further develop, manufacture and commercialize the Products (defined hereinafter). Accordingly, BTI desires to grant to the Licensee, and the Licensee desires to obtain from BTI, certain rights, licenses and sub-license rights pertaining to the Territory (defined hereinafter) and the possible first right of offer, all subject to the terms and conditions set forth here-in-below.

E. Subject to the terms and conditions set forth below, BTI desires to manufacture and sell the Products (defined hereinafter) to the Licensee, and the Licensee agrees to have the Licensee engage in the following:

(i) market and sell such Products (defined hereinafter) in the Territory; and

(ii) manufacture, market and sell such Products upon the setting up of the Licensee's manufacturing facilities.

**NOW IT IS HEREBY AGREED as follows:**

**1. DEFINITION(S)**

1.1 In this Agreement including the Recitals, except where the context otherwise requires, the words and expressions specified below shall have the meanings attributed to them below:-

| | |
|---|---|
| **"Additional Territory"** | means all countries and territories in the world except the Territory and the USA; |
| **"Additional Territory Licensed Product(s)"** | means any product for human or veterinary use, the research, development, manufacture, use, sale, offer for sale, import or export (collectively, "Exploitation")of which, is based bupon or incorporates BTI Technology or, but for the license granted in this Agreement, the Exploitation or which would infringe any BTI Patents in any country in the Additional Territory; |
| **"Affiliate"** | means with respect to either Party, any person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such Party, for so long as such control exists.<br><br>For purposes of this Section only, "control" means<br><br>(i) direct or indirect ownership of fifty percent (50%) or more (or, if less than fifty percent (50%), the maximum ownership interest permitted by applicable law) of the stock or shares having the right to vote for the election of directors of such corporate entity, or<br><br>(ii) the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policies of such entity, whether through the ownership of voting securities, by contract or otherwise; |
| **"BTI Know-How"** | Any proprietary information, trade secrets, documented techniques, materials and data owned or controlled by BTI during the Term or which are acquired by or developed for BTI by a Third Party during the Term, including but not limited to discoveries, formulae, materials, reagents, proprietary methods, processes, test data (including pharmacological, toxicological, clinical and manufacturing information and test data), and analytic and quality control data, which is necessary or useful to research, develop, make, have made, use, sell, offer for sale, import or export the Products, provided however, that BTI Know-How that is the subject of the licenses and other rights granted to Licensee hereunder shall extend only to those applications of any of the foregoing items that are associated with specifically defined carbohydrate chemistry formulation; BTI Know-How does not include BTI Patent Rights.; |

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|---|---|
| **"BTI Patents"** | means the patents which includes:<br><br>(i) All patents and patent applications of any kind anywhere in the world as more particularly listed in the Exhibit 6 owned or controlled by BTI during the Term or which are acquired by or developed for BTI by a Third Party during the Term (together with all divisions, continuations, patents of addition, substitutions, registrations, re-issues, re-examinations or extensions of the foregoing) and which are necessary or useful to research, develop, make, have made, use, sell, offer for sale, import or export the Products, provided, however, that BTI Patents that are the subject of the licenses and other rights granted Licensee hereunder shall extend only to those applications of any of the foregoing items that are associated with SUGARDOWN or its drug candidate equivalent;<br><br>(ii) All patent applications that may hereafter be filed by or on behalf of BTI which either are based on or claim priority from any of the foregoing patents and applications; and<br><br>(iii) All patents which may be granted pursuant to any of the foregoing patent applications; |
| **"BTI Technology"** | means BTI Patents and BTI Know-How relating to SUGARDOWN or its drug candidate equivalent only; |
| **"Business Day(s)"** | means a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong; |
| **"Effective Date"** | means the date of this Agreement as set forth above; |
| **"EMA"** | means the European Medicines Authority; |
| **"EMA Costs"** | means external contracted costs resulting in a specific fee charged and a deliverable documented output for EMA meetings, animal tests, and human tests, resulting in a competent authority submission only; |
| **"FDA"** | means the United States Food and Drug Administration, or any successor agency thereto; |

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|---|---|
| **"FDA Costs"** | means external contracted costs resulting in a specific fee charged and a deliverable documented output for FDA meetings, animal tests, and human tests, resulting in a competent Regulatory Authority submission only; |
| **"Force Majeure"** | means the force majeure as referred to and defined in Clause 20.7 of this Agreement; |
| **"Hong Kong"** | means the Hong Kong Special Administrative Region of the People's Republic of China; |
| **"MAA"** | means the Marketing Authorization Approval of a new drug application for permission to initiate marketing, sale, testing and food supplement registration), licenses, registrations or authorizations necessary for the marketing and sale of such Product, filed with:<br><br>(i) the FDA in accordance to the FDA Code of Federal Regulation Title 21 Part 314 Section 50 et. Seq (21 C.F.R. 314.50 et. Seq);<br><br>(ii) the EMA; or<br><br>(iii) any other Competent Regulatory Authority. |
| **"Product(s)"** | means initially Territory Licensed Product(s) and from time to time, as the same may be added to this Agreement, Additional Territory Licensed Product(s), details of which are set out in Exhibit 7; |
| **"Prosecution and Maintenance"** | means with respect to a patent or patent application, the preparing, filing, prosecuting and maintenance of such patent or application, as well as re-examinations, reissues, requests for patent term extensions and related matters with respect to such patent or application, together with the conduct of interferences, the defense of oppositions and other similar proceedings with respect to the particular patent or patent application; and 'Prosecute and Maintain' shall have the correlative meaning; |
| **"Qualified Person"** | means a person qualified and accepted by competent authority to batch release and to assure quality and acceptance by a competent authority; |
| **"Reference Material(s)"** | means the official materials submitted to the regulatory authority in support of the regulatory label and approval of Products; |

| | |
|---|---|
| **"Regulatory Authority"** | means federal, national, multinational, state, provincial or local regulatory agency, department, bureau or other governmental entity with authority over the discovery, advancement, manufacture, commercialization or other use or exploitation (including the granting of MAA) of the Products in any jurisdiction, including the FDA, the European Medicines Agency (EMA), the State Food and Drug Administration (SFDA) in the People's Republic of China and the Ministry of Health Labor and Welfare (MHLW) in Japan; |
| **"SUGARDOWN"** | means the trademark, namely "SUGARDOWN", registered in (*) and owned by (*) and such trademark is adopted in the manufacture, sale, marketing, promotion, distribution and advertising of the Products, details of which are set out in Exhibit 2 |
| **"Term"** | means the term as defined and set out in Clause 16 of this Agreement; |
| **"Territory"** | means the following territories:-<br><br>(i) People's Republic of China;<br><br>(ii) Hong Kong Special Administrative Region; and<br><br>(iii) Macau Special Administrative Region; |
| **"Territory Licensed Product(s)"** | means any product, the research, development, manufacture, use, sale, offer for sale, import or export (collectively, "Exploitation")of which is based upon or incorporates BTI Technology or,, but for the license granted in the Agreement, would infringe any BTI Patents in any country in the Territory**;** |
| **"Third Party"** | means any person or entity other than BTI, the Licensee or their respective Affiliates; |
| **"USA"** | means the United States of America; and |
| **"US Dollars" and the sign "US$"** | means United States dollars, the lawful currency of the United States of America. |

## 2. LICENCE GRANT

2.1 BTI hereby grants to the Licensee a sole and exclusive license to use the BTI Technology in The Territory, with the right to grant, sublicenses, subject to the conditions described in this Agreement, under the BTI Technology, to enable the Licensee to:-

(a) bottle, label, use, commercialize, market, distribute, sell, have sold, offer for sale and import and export; and

(b) research, develop, make, have made, manufacture

the Products in the Territory, practice any method, process or procedure or otherwise exploit the BTI Technology, and to have any of the foregoing performed on its behalf by a Third Party, subject to Clauses 2.2 and 2.3 hereinbelow.

2.2 Both Parties agree that

(i) Clause 2.1(a) shall be active and in force from the Effective Date; and

(ii) Clause 2.1(b) shall be contingent upon establishment of oversight quality control batch release and quality assurance requirements set forth by BTI and agreed upon by both Parties.

2.3 Insofar as the license granted in Clause 2.1 is concerned, sale and distribution in the Additional Territory shall be restricted to Products for human and veterinary use.

2.4 The Licensee and BTI have agreed that BTI shall both (a) initiate a clinical trial at a cost not to exceed **[***]** (such amount, up to **[***]** , "the **"Clinical Study Fund"**), and (b) as BTI's investment in the promotion of a market for BTI's products, provide Product to Licensee having an aggregate value (at the pricing described in Exhibit 3) equal to the amount of the Clinical Study Fund as further described below. Specifically, Licensee and BTI have agreed that:

(i) the results, documents and other information related to the clinical trials of the Products conducted under the auspices of and financed by the Clinical Study Fund can be used by either Party; and

(ii) upon the Licensee's request, BTI shall supply and deliver to Licensee, Products having an aggregate value equal to the amount actually set aside in the Clinical Study Fund and committed to clinical trials as described in clause 2.4(i) at the time of the request for Product, at the agreed prices set out in Exhibit 3 to this Agreement. In other words, if **[***]** has been committed and paid into the Clinical Study Fund for clinical trials then Licensee may request **[***]** in Product at the agreed price. The Licensee is not required to pay for the aforesaid amount of Products, except by means described herein.

2.5 Both Parties agree and acknowledge that the prices set out in Exhibit 3 (List of Prices) have been agreed upon as the final prices of the Products. Should there be any proposed change in prices, both Parties must sign a written agreement for such change.

## 3. ROYALTY AND PAYMENT

3.1 Subject to Clause 3.2, the Licensee shall pay to BTI a royalty of US Dollars **[***]** of revenue on a quarterly basis, based on the sales and distribution of the Territory Licensed Products (excluding those manufactured and supplied to BTI) in the Territory as invoiced to the Licensee for the duration of the Term, in accordance to Clause 3 below ("**Royalty Payment**"). For the avoidance of doubt, the aforesaid Territory Licensed Products must be manufactured based on the existing BTI Patents.

3.2 In the event that the Licensee invents, develops, obtains and registers new patents ("**New Patents**") based on the BTI Patents in the name of BTI, the Licensee shall pay to BTI a royalty of US Dollars **[***]** of revenue on a quarterly basis based on the sales and distributions of the aforesaid products in the Territory as invoiced to the Licensee for the duration of the Term provided that the aforesaid products manufactured according to the New Patents, not the existing BTI Patents.

3.3 The Licensee shall pay the Royalty Payment of a year to BTI within 30 days upon the expiry of a quarter in a year. In other words, the Licensee shall pay the Royalty Payment to BTI in the following manner:

(i) on or before the 30th day of April for the first quarter (i.e. from January to March in a year);

(ii) on or before the 30th day of July for the second quarter (i.e. from April to June in a year);

(iii) on or before the 30th day of October for the third quarter (i.e. from July to September in a year); and

(iv) on or before the 30th day of January for the forth quarter (i.e. from October to December in a year).

3.4 Both Parties agree that the Royalty Payment shall be paid to BTI's bank account as set out in Exhibit 4.

3.3 Both Parties agree that, to determine the sales and distribution of the Products, any Product shall be regarded as distributed or sold by the Licensee or its sub-licensee after one hundred and twenty (120) days of receipt of invoice by the Licensee or its sub-licensee, or if not invoiced, when shipped or delivered by the Licensee or its sub-licensee.

3.4 The Licensee and its sub-licensees shall keep complete and accurate accounts of all Products distributed and sold and shall permit BTI at BTI's own expense [if audit discloses underpayment of royalty, then Licensee pays for audit] and through an independent certified accountant of international standing to be agreed by both Parties, to audit such accounts in accordance to the following:

(i) at least sixty (60) days' prior written notice prior to the audit;

(ii) no more than once each calendar year solely for the purpose of determining the accuracy of the Royalty Report (defined hereinafter) and Royalty Payment; and

(iii) the obligation of the Licensee and its sub-licensees concerning audit of their accounts shall be terminated three (3) years after the date of issue of an audit report.

(iv) Licensee will assemble relevant records, including those of sub-licensees as a mechanism for determining aggregate price of Products sold and adjustments that may impact royalties payable to BTI.

3.5 Royalty Payment shall be net of any deductions or withholdings which are required to be deducted under any relevant legislation in any country.

3.6 If the Licensee or its sub-licensee is obliged to pay royalties to an independent Third Party for the right to make, manufacture, use, commercialize, market, distribute or sell the Products, the Licensee shall be entitled to deduct from the Royalty Payment due to BTI the said royalty payment actually made to such Third Party.

3.7 The Licensee shall provide BTI with a royalty report stating the gross sales of the Territory Licensed Products and provide a calculation of the Royalty Payment amount due ("**Royalty Report**") within ninety (90) days after the 31st day of March, the 30th day of June and 30th day of September in each year during the Term .

**4. JOINT EXPENSES FOR MAA & REFERENCE MATERIALS**

**Pre-MAA**

4.1 The Parties acknowledge and agree that where a Party incurs expenses arising from MAA filing for the Products), the other Party referencing such MAA shall contribute the MAA filing costs ("**Joint Expenses**"). A Party has absolute discretion to choose whether to reference such MAA and which part of a MAA should it references to. In other words, a Party is entitled to reference part of the documents and/or information in a MMA process at its sole discretion.

4.2 The portion of Joint Expenses to be contributed by each Party shall be agreed upon in writing prior to incurring the Joint Expenses on a fair, reasonable and arm's length basis. If no such written agreement is entered into between the Parties, the Party incurring the cost for the MAA shall be solely liable for it.

**Post- MAA**

4.3 Both Parties agree that BTI shall be solely responsible for all MAA costs outside the Territory and the Licensee shall be solely responsible for all MAA costs incurred in the Territory unless otherwise agreed by both Parties.

4.4 Notwithstanding the basic payment obligations in Clause 4.3, both Parties agree that reimbursement of the costs incurred by a Party in filing and obtaining a MAA shall be in accordance to Exhibit 5 and Clause 4.5 below. For the avoidance of doubt, if a Party just references part of the documents and/or information ("**D&I**") in a MAA, the costs to be shared by both Parties according to Exhibit 5 should be the costs arising from or in connection with that particular D&I.

4.5 Where reimbursement and repayment is payable pursuant to Clause 4.4, the Party owing such reimbursement or repayment shall via telegraphic transfer to the account details set forth in Exhibit 4 within one hundred and twenty (120) days after the use of and/or reference to a MAA or part of a MAA.

**Reference Materials**

4.6 In the event that a Party requests ("**the Requesting Party**") Reference Materials created by the other Party ("**the Providing Party**") whether for a MAA or not, the Requesting Party shall pay the Providing Party up to 50% of the actual costs of the Providing Party in accordance with its record for establishing such Reference Materials, subject to the condition that Reference Materials which a Requesting Party wishes to obtain must be Reference Materials which obtained MAA not more than 1.5 years before such request.

4.7 Where reimbursement and repayment is payable pursuant to Clause 4.6, the Party owing such reimbursement or repayment shall via telegraphic transfer to the account details set forth in Exhibit 4 within one hundred and twenty (120) days after the use of Reference Materials.

4.8 For all other costs and expenses in relation to matters not referred to in Clause 4, the Parties shall negotiate in good faith and at arms' length the payment arrangement for costs incurred in the 2 years prior to MAA.

4.9 The paying party shall forthwith notify the receiving party of the payment and upon successful transfer of the payable amount, the receiving party shall issue an acknowledgement of receipt to the paying party within 14 Business Days thereafter.

**5. APPROVALS AND CO-OPERATION**

5.1 In furtherance of the Agreement, the Licensee shall have the right to obtain, or procure the obtaining of all MAA. BTI shall provide all reasonable assistance and disclosure of MAA and/or Reference Materials as necessary or as requested by the Licensee (or its sub-licensee) to aid their manufacturing of the Products and their efforts to obtain MAA, and charge only a minimum expense for administrative purposes.

5.2 Subject to Clause 4 above and other payments as herein provided, each Party agrees to use commercially reasonable efforts to make its personnel reasonably available, upon reasonable written request by the other Party in relation to license rights, at their respective places of employment to consult with the other Party on matters and issues related to MAA obtained during the Term.

5.3 Each Party (the "**Enabling Party**") agrees to cooperate with the other (the "**Filing Party**"), at its written request, to comply with specific requests of any applicable Regulatory Authority (such as requests to inspect clinical trial sites), with respect to data supplied or to be supplied by the Enabling Party to the Filing Party for filing with such Regulatory Authority. In this regard, the Enabling Party agrees to provide reference rights to the Filing Party, or to provide to applicable Regulatory Authorities copies of relevant manufacturing data specifically requested by the Filing Party, which is reasonably necessary for the Filing Party to obtain, proceed towards and/or maintain regulatory approval for the Products in accordance with this Agreement

**5.4 Assistance beyond initial transfer of BTI Technology**

5.4.1 In connection with the performance of this Agreement, each Party will use its best reasonable efforts to provide assistance to the other Party as such other Party may reasonably request if it involves new technology and requires travel to other country or territory. The requesting Party shall reimburse the reasonable costs and expenses incurred by the assisting Party in providing such assistance.

5.4.2 The Licensee shall at its discretion register this Agreement with all relevant patent offices or governmental authorities and BTI shall provide all reasonable assistance as may be requested by the Licensee; provided, however, that nothing herein shall be deemed an agreement to transfer or assign ownership to Licensee of any BTI Technology

5.4.3 If Licensee files for patent protection of any BTI claims, the filing will be made in the name and on behalf of BTI, who shall be identified as the owner of the technology subject to such filing.

## 6. REPRESENTATIONS, WARRANTIES AND COVENANTS

**General Representations and Warranties**

6.1 Each Party represents and warrants to the other that, as of the Effective Date:

6.1.1 it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and it has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

6.1.2 it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder, and the authorized representative executing this Agreement on its behalf has been duly authorized to do so by all requisite corporate action; and

6.1.3 this Agreement is legally binding upon it and enforceable in accordance with its terms, and the execution, delivery and performance of this Agreement does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any material applicable law.

**BTI's Representations and Warranties**

6.2 BTI represents and warrants to the Licensee that as of the Effective Date:

6.2.1 BTI owns and/or has an absolute and unfettered right to all BTI Technology which include patents and know-how that are developed or acquired by or for BTI during the Term as well as what BTI owns or controls as of the Effective Date, a list of which is set out in Exhibit 6, but which may change from time to time as new patents and know-how are obtained;

6.2.2 BTI Technology is solely and beneficially owned by BTI, and BTI has not placed, or suffered to be placed, any liens, charges or encumbrances on or against the patents or patent applications on the BTI Patents or the BTI Know-how, and that BTI has full right and authority to grant to the Licensee the licenses granted herein with respect to such patents, patent applications and know-how in the Territory.

6.2.3 the BTI Patents are valid and existing, and no issued or granted patents within the BTI Patents are invalid or unenforceable to the best of their knowledge;

6.2.4 BTI has not granted, and will not during the Term grant any right to any Third Party which would conflict with the rights granted to the Licensee hereunder, nor has entered and will not enter any agreement with or assignment to any Third Party nor permit any encumbrance which would be inconsistent or otherwise conflict with the terms of this Agreement;

6.2.5 BTI has no knowledge that any Third Party has any right, title or interest in or to any of the BTI Technology;

6.2.6 the BTI Technology to the best of its knowledge is not subject to any litigation, judgments or settlements against or owed by BTI;

6.2.7 the BTI Technology is not subject to any funding agreement with any government or government agency;

6.2.8 BTI has disclosed to the Licensee all material information of which BTI is aware as to whether the research, development, manufacture, use, sale, offer for sale or importation of the Products infringes or would infringe issued or granted patents or other intellectual property rights owned by a Third Party, and that the Licensee's practice, use and exploitation of the BTI Technology in accordance with this Agreement will not infringe or misappropriate any patent rights or other intellectual property rights of any Third Party;

6.2.9 BTI has not received any notice of:-

(i) any threatened claims or litigation or investigations seeking to invalidate or otherwise challenge the BTI Technology or BTI's rights therein; or

(ii) alleged infringement of any Third Party patent rights or intellectual property rights in connection with the use and exploitation of the Products;

6.2.10 none of the BTI Patents are subject to any pending re-examination, opposition, interference or litigation proceedings. BTI shall provide to the Licensee regular updates of all BTI Patents pertaining to any stage being reached in any of the foregoing events; and for all pending patents granted for BTI technology;

6.2.11 To the best of BTI's knowledge, there is no unauthorized use, infringement or misappropriation of any of the BTI Technology by any Third Party in the Territory, including by any current or former employee or consultant of BTI and its Affiliates. BTI shall promptly inform the Licensee of any misappropriation or infringement of the BTI Technology of which BTI becomes aware; and

6.2.12 BTI is not aware of any action, suit or inquiry or investigation instituted by any Third Party which questions or threatens the validity of this Agreement.

6.2.13 BTI declares that all representations, warranties and any other documents (including the Certificated of analysis of SugarDown chewable tablet (Exhibit 8) and the Declarations of Good Manufacturing Practice (Exhibit 9)) are true and accurate.

**7. INDEMNITIES**

7.1 INDEMNIFICATION BY LICENSEE. Licensee shall, up to the maximum amount of its product liability insurance, indemnify, hold harmless and defend BTI, its Affiliates and their respective directors, officers, employees and agents ("BTI Indemnitees") from and against any and all suits, investigations, claims, costs, demands, liabilities, losses, damages, and expenses, including reasonable attorneys' fees (collectively, "Losses") arising from or occurring as a result of a third party's claim, action, suit, judgment or settlement against a BTI Indemnitee that is due to or based upon: (a) any breach of any representation or warranty of Licensee hereunder; (b) the failure of Licensee to perform any of its duties or obligations set forth in this Agreement; (c) Licensee's misuse or adulteration of Product, or combination of Product with other products without BTI's express acknowledgement and approval, or sale and disposition of Product for applications or uses other than those for which the Product is intended, and (d) any act of gross negligence or intentional misconduct by Licensee or any of its sublicensees in connection with any action or transaction under this Agreement, including the further processing, formulation, storage, labeling, promotion, use or sale of Product while in the possession or control of Licensee or its sublicensees.

(i) 7.2 INDEMNIFICATION BY BTI. BTI shall, up to the maximum amount of its product liability insurance, indemnify, hold harmless and defend Licensee, its Affiliates and their respective directors, officers, employees and agents ("Advance Indemnitees") from and against any and all Losses arising from or occurring as a result of a third party's claim, action, suit, judgment or settlement against an Advance Indemnitee that is due to or based upon: (a) any breach of any representation or warranty of BTI hereunder; (b) the failure of BTI to perform any of its duties or obligations set forth in this Agreement; (c) any act of gross negligence or intentional misconduct by BTI in connection with any action or transaction under this Agreement, including manufacture, testing, handling, packaging, labeling, storage or supply of Product while it is in the possession or control of BTI or its Affiliates. BTI shall have no liability under this Section 7.2 for any infringement based on the use of any Product if the Product is used in a manner or for a purpose for which it was not reasonably intended. BTI's obligations under this Section 6.2 shall survive termination or expiration of this Agreement.

## 8. FORECAST OF PRODUCT SUPPLY AND SALES

**Supply**

8.1 The Licensee shall have a first priority offer to supply BTI's requirements for the Products for commercial use in the Additional Territory. BTI shall, however, retain the right to manufacture or otherwise obtain the Products, in the Additional Territory.

8.2 Subject to Clause 8.1, in the event that the Licensee (once manufacturing has commenced) fails to accept any order of BTI for sale of the Products in the Additional Territory or accepts but fails to fulfill such an order, in each case due to an event of Force Majeure that lasts for a continuous period of one hundred and twenty (120) days, BTI shall be permitted to arrange with other manufacturers or suppliers for the fulfillment of such orders (to the extent of any shortfall from the supply of the Products by the Licensee) on any terms that are reasonable.

8.3 Within a reasonable time after Licensee resumes full supply of the Products after an event of Force Majeure BTI shall cease sourcing of Products from manufacturers or suppliers other than Licensee, and shall resume its relationship with Licensee on terms consistent with the terms that preceded the event of Force Majeure

**Right of First Refusal**

8.4 Subject to Clause 8.1, in the event that the Licensee is unable to manufacture sufficient Products to meet the orders placed by BTI or its Affiliates (the "**BTI Group**") for sale and distribution in the Additional Territory, whether such inability is due to changes in market conditions, regulatory conditions or other factors but excluding an event of Force Majeure, BTI may set up manufacturing facilities in the Additional Territory subject to the Licensee having the right of first refusal to invest in any such manufacturing facilities, either on its own, or together with BTI and other Third Party in such proportion as the Licensee may deem appropriate. BTI shall determine the terms and conditions, and provide written explanation of the details of such investment and the economic and political reasons justifying the explanation to the Licensee. The Licensee shall have thirty (30) Business Days from the date of receipt of the written explanation to evaluate the investment and exercise its right of first refusal.

**Forecasts**

8.5 Subject to Clause 8.1, no later than three (3) months prior to its second year of commercial sale of the Products, BTI shall provide the Licensee with a twelve-month (12-month) rolling forecast of BTI's or its designee's commercial requirements of the Products in the Additional Territory, broken down by month and updated monthly on a rolling twelve-month (12-month) basis, with an allowed monthly variation of twenty percent (20%).

8.6 Subject to Section 8.1 and before the Licensee can manufacture the Product on its own, no later than three (3) months prior to its second year of commercial sale of the Products, the Licensee shall provide BTI with a twelve-month (12-month) forecast of the Licensee's purchase order forecast of the Products in the Territory, broken down by month and updated monthly on a rolling twelve-month (12-month) basis, with an allowed monthly variation of twenty percent (20%) until the Licensee manufactures the Product.

**Purchase Orders**

8.7 Subject to Clause 8.1, BTI shall submit purchase orders for the Products that are consistent with quantities forecast in the first three (3) months of each rolling forecast. All purchase orders submitted shall be agreed upon between BTI and the Licensee and constitute firm orders binding on the Parties. Payment terms of each Product shall be determined and revised by the Licensee from time to time by mutual agreement. Pricing of sales may be adjusted due to raw material increases supplied by BTI.

8.8 Subject to Section 8.1, the Licensee shall submit purchase orders for the Products that are consistent with quantities forecast in the first three (3) months of each rolling forecast until the Licensee can manufactures the Product on its own.

## 9. BRANDING

9.1 Each Party will be responsible for filing, registering and maintaining its own worldwide brand names and trademarks for the Products, at its own expense. All Products provided by the Licensee to BTI hereunder shall display the name of the Licensee as manufacturer of such Products. Each of BTI and the Licensee may use its own brand name, or that of the other Party, to identify the Products.

9.2 If one Party uses the brand name or trademark of the other Party in connection with the Products, the manner of use of the other Party's brand name and/or trademark (as the case may be) shall first be submitted to the other Party for approval of design, color, and other details, and shall in any event comply with the other Party's usage and quality control and quality assurance guidelines as reasonably established from time to time and as registered with the competent authority. All approvals required under this section shall not be unreasonably withheld or delayed.

## 10. PROSECUTION AND MAINTENANCE

10.1 BTI shall be responsible for the Prosecution and Maintenance, and all costs and expenses associated therewith, of the BTI Technology worldwide, unless otherwise stated in a mutual agreement in writing. However, in the Territory, the Licensee shall be responsible for all costs.

10.2 BTI shall consult in good faith with the Licensee regarding matters stated in Clause 10.1, including the withdrawal, abandonment or cessation of Prosecution and Maintenance of any BTI Technology covering the Products. If BTI determines to withdraw, abandon or otherwise cease to Prosecute or Maintain any of the BTI Technology covering the Products, then BTI shall provide the Licensee with one hundred and twenty (120) days' written notice prior to the date on which such withdrawal, abandonment or cessation of Prosecution and Maintenance would become effective. In such event, the Licensee shall have the first right, but not the obligation, to take over at the Licensee's expense the Prosecution and Maintenance of such BTI Technology, and in such event, such BTI Technology shall be assigned to the Licensee at the nominal price of USD1.00 (and such BTI Technology shall thereafter be expressly excluded from the BTI Technology stipulated herein).

10.3 BTI shall provide the Licensee with regular updates and records of all matters stated in Clauses 10.1 and 10.2.

10.4 The Licensee shall have the right to be granted with a license by BTI in relation to any continuation, divisional, re-issues of any of the BTI Patents.

**11. NEW INTELLECTUAL PROPERTY**

11.1 The Licensee will own all new intellectual property related to the Products that is conceived or reduced to practice by the Licensee during the Term. New IP that is related to improvements modifications, enhancements, etc. to the BTI patents (for example the New Patents as referred in Clause 3.2), upon BTI's request, the Licensee will grant a royalty-free exclusive license of such new intellectual property to BTI on terms to be agreed between the Parties similar to the terms and conditions in this Agreement

11.2 The Licensee shall be required to disclose where improvements to the intellectual property are developed by the Licensee.

11.2.1 If the new developments are not under or within the BTI claims, the Licensee shall be required to offer the license to the same to BTI on reasonable commercial terms.

**12. ENFORCEMENT**

12.1 The Licensee shall have the right to determine the appropriate course of action to enforce any patent rights relating to the BTI Technology in the Territory, or otherwise to abate the infringement thereof. The Licensee, upon discovery of an executed or potential patent infringement, shall notify BTI within fourteen (14) days of discovery. In the event BTI does not take such action as determined by the Licensee in respect of any infringement of the BTI Technology within thirty (30) days of request by the Licensee to do so, the Licensee may take such action in its own name or in the name of BTI and BTI shall provide all assistance and information as the Licensee may request to enable the Licensee to take appropriate action in respect of any infringement of the BTI Technology. BTI and the Licensee shall each bear one-half (1/2) of the cost and expense of any such action.

12.2 All damage receivables as a result of such actions shall be utilized first to reimburse each Party for the cost and expense of any such action and shall thereafter be equitably allocated between BTI and the Licensee based on the Parties' relative damages attributable to the underlying claim.

**13. MANUFACTURING FACILITIES**

13.1 The Licensee shall purchase or establish and maintain one or more manufacturing facilities for the manufacture of the Products at its own expense.

13.2 Both Parties agree and acknowledge that the manufacturing facilities may be used to manufacture products other than the Products and to manufacture the Products for Third Parties. This right must be exercised within five (5) years or it becomes non-exclusive as to the manufacture. Such manufacturing facility will be in compliance with internationally accepted standards for GMP, FDA, quality control and quality assurance.

13.3 With regard to a decision on making the investment to establish and maintain one or more manufacturing facilities for the manufacture of the Products, both Parties agree that, prior to the Licensee deciding to proceed with the establishment of the manufacturing facilities,

(i) BTI has to provide the Licensee a forecast of its purchase orders of the Products; and

(ii) They should agree on the price of the Products manufactured and supplied by the Licensee to BTI.

13.4 The Licensee shall be responsible for the maintenance and repair of all equipment used in the manufacture of the Products in accordance with applicable laws and consistent with good industry practice.

**14. EVENT OF DEFAULT**

14.1 Even if gross default of performance by the Licensee occurs and no execution to cure has been taken in sales or in manufacturing after the receipt of notification of default by BTI, the Licensee shall have the absolute and unfettered right to retain and to continue the use of the BTI Know-How, the BTI Patents, the BTI Technology (collectively "**Intellectual Property**") for the research and the manufacturing in the territory of:

14.1.1 any Products which the Licensee obtains/ procures or intends to obtain MAA for (in accordance to Clause 11); and

14.1.2 Any other new products until termination date.

14.2 Further to Clause 14.1 above, the Licensee shall have the right to manufacture only if curable defaults have been cured, to sell and to distribute these new drugs within the Territory, using a brand name other than BTI should BTI so request, and/or at the discretion of the Licensee.

14.3 Subject to Clause 11, BTI shall have the right to continue to use the intellectual property which the Licensee has contributed to the development of and shall have the right to continue to manufacture, distribute and sell the Products which use the intellectual property in any jurisdiction except in the Territory.

**15. CONFIDENTIALITY**

15.1 Except to the extent expressly authorized by this Agreement or otherwise agreed by the Parties in writing, the Parties agree that the receiving Party shall keep confidential and shall not publish or otherwise disclose or use for any purpose other than as provided for in this Agreement any confidential or proprietary information or materials furnished to it by the other Party pursuant to this Agreement (collectively, "**Confidential Information**") or the terms and conditions of this Agreement. Notwithstanding the foregoing, Confidential Information shall not be deemed to include information or materials to the extent that it can be established by written documentation by the receiving Party that such information or material:

(i) was already known to or possessed by the receiving Party, other than under an obligation of confidentiality (except to the extent such obligation has expired or an exception is applicable under the relevant agreement pursuant to which such obligation established), at the time of disclosure;

(ii) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving Party;

(ii) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission of the receiving Party in breach of this Agreement;

(iv) was independently developed by the receiving Party as demonstrated by documented evidence prepared contemporaneously with such independent development; or

(v) was disclosed to the receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the disclosing Party not to disclose such information to others.

15.2 Each Party may use and disclose Confidential Information of the other Party or the terms and conditions of this Agreement as follows:

(i) under appropriate confidentiality provisions substantially equivalent to those in this Agreement, in connection with the performance of its obligations or exercise of rights granted to such Party in this Agreement;

(ii) to the extent such disclosure is reasonably necessary in filing for, prosecuting or maintenance of patents, copyrights and trademarks (including applications therefore) in accordance with this Agreement, complying with the terms of agreements with Third Parties, prosecuting or defending litigation, complying with applicable governmental regulations, filing for, conducting preclinical or clinical trials, obtaining and maintaining regulatory approvals (including MAA), or otherwise required by applicable law or the rules of a recognized stock exchange, provided, however, that if a Party is required by law or stock exchange to make any such disclosure of the other Party's Confidential Information it will, except where impracticable for necessary disclosures (for example, in the event of medical emergency), give reasonable advance notice to the other Party of such disclosure requirement and, except to the extent inappropriate in the case of patent applications, will use its reasonable efforts to secure confidential treatment of such Confidential Information required to be disclosed with key financial terms blanked;

(iii) in communication with existing investors, contracted consultants, advisors (including financial advisors, lawyers and accountants) and others on a need-to-know basis, in each case under appropriate confidentiality provisions substantially equivalent to those of this Agreement; or

(iv) to the extent mutually agreed to by the Parties.

## 16. TERM

16.1 The term of this Agreement (the "**Term**") shall commence on the Effective Date and continue in force on a product-by-product basis with respect to each country anywhere in the world until the later of:-

(i) the last of the applicable BTI Patents with valid claims to expire covering a Product in such country expires; or

(ii) seven (7) years after the first material commercial sale of a Product in a particular country, whichever Term is greater

Paid-Up, Non-Exclusive License on Expiration

16.2 Upon the expiration of this Agreement on a Product-by-Product and a country-by-country basis, the Licensee shall have a non-exclusive, fully paid-up, royalty-free license in such country to research, develop, make, have made, manufacture, use, sell, offer for sale, import and export that particular Product (and to have any of the foregoing activities regarding such Product performed by any Third Party on behalf of the Licensee).

## 17. TERMINATION

**17.1 This Agreement can be terminated by a Party ("Non-Defaulting Party") if and only if: -**

(i) the other Party ("**Defaulting Party**") fails and/or refuses to pay to the Non-Defaulting Party pursuant to this Agreement and the payment is not settled after serving a twelve (12) months prior written notice to the Defaulting Party; or

(ii) after the manufacturing facilities are established by the Licensee and the Licensee begins to manufacture the Products, the Licensee fails to use its best endeavours to maintain the quality of the Products which is evidenced by a scientific report issued by an international reputable scientific laboratory or university and the Licensee does not cure this and continues to fail in this aspect one hundred and twenty (120) days after receipt of written notice by BTI of such failure. For the avoidance of doubt, the written notice issued by BTI should enclose the aforesaid evidence and set out the curing measures to be complied with by the Licensee in details; or

(iii) a winding up order is granted by a Court against the Defaulting Party.

## 18. DISPUTE RESOLUTION

**Disputes**

18.1 If the Parties are unable to resolve any dispute or other matter arising out of or in connection with this Agreement, either Party may, by written notice to the other Party, have such dispute referred to the Chief Executive Officers of Parties for attempted resolution by good faith negotiations within sixty (60) Business Days after such notice is received. In such event, each Party shall cause its Chief Executive Officers to meet (face-to-face or by teleconference) and be available to attempt to resolve such issue. If the Parties should resolve such dispute or claim, a memorandum setting forth their agreement will be prepared and signed by both Parties if requested by either Party. The Parties shall cooperate in an effort to limit the issues for consideration in such manner as narrowly as reasonably practicable in order to resolve the dispute.

**Arbitration**

18.2 In the event that the Parties are unable to resolve any such matter pursuant to Clause 17.1 and 17.2, then either Party may initiate arbitration pursuant to this Clause 18.2. Any arbitration under this Clause 18.2 shall be conducted by and in accordance with the applicable rules of the International Chamber of Commerce ("**ICC**") by a single independent arbitrator with significant experience in arbitrating matters related to biopharmaceutical industry and mutually agreed by the Parties; provided that if the Parties are unable to agree on a single arbitrator within thirty (30) days of notice of the dispute, the arbitrator shall be selected by the senior executive of the ICC in Paris. In such arbitration, the arbitrator shall select an independent technical expert with significant experience relating to the subject matter of such dispute to advise the arbitrator with respect to the subject matter of the dispute. The place of arbitration shall be in (i) the State of California, USA, if initiated by the Licensee or (ii) Hong Kong, if initiated by BTI. The costs of such arbitration shall be shared equally by the Parties, and each Party shall bear its own expenses in connection with the arbitration. The Parties shall use good faith efforts to complete arbitration under this Clause 18.2 within six (6) months following the initiation of such arbitration. The arbitrator shall establish reasonable additional procedures to facilitate and complete such arbitration within such six (6) month period. All arbitration proceedings shall be conducted and all evidence and communications shall be in English, provided that any written evidence originally in a language other than English shall, insofar as practicable, is submitted in English translation accompanied by the original or true copy thereof. Attorney's fees will be paid to prevailing party.

**Equitable Relief**

18.3 Nothing in this Agreement shall limit the right of either Party to seek to obtain in any court of competent jurisdiction any equitable or interim relief or provisional remedy, including injunctive relief.

## 19. GOVERNING LAW

19.1 This Agreement and any dispute arising from the performance or breach hereof (including arbitration proceedings under Clause 18.2) shall be governed by and construed and enforced in accordance with the Laws of the State of California in the U.S., without reference to conflicts of laws principles.

## 20. MISCELLANEOUS

20.1 Assignment

This Agreement shall not be assignable by either Party to any Third Party without the prior written consent of the other Party. Notwithstanding the foregoing, either Party may assign this Agreement, without the written consent of the other Party, (i) to an Affiliate, or (ii) to an entity that acquires all or substantially all of the business or assets of such Party to which this Agreement pertains (whether by merger, reorganization, acquisition, sale or otherwise), and agrees in writing to be bound by the terms and conditions of this Agreement. No assignment or transfer of this Agreement shall be valid and effective unless and until the assignee/transferee agrees in writing to be bound by the provisions of this Agreement. The terms and conditions of this Agreement shall be binding on and inure to the benefit of the permitted successors and assigns of the Parties.

Except as expressly provided in this, any attempted assignment or transfer of this Agreement shall be null and void.

20.2 Notices

Any notice, request, delivery, approval or consent required or permitted to be given under this Agreement shall be in writing in the English language and shall be deemed to have been sufficiently given if delivered in person, transmitted by facsimile (receipt verified) or by reputable international -express courier service (signature required) to the Party to which it is directed at its address or facsimile number shown below or such other address or facsimile number as such Party will have last given by written notice to the other Party.

If to BTI, addressed to:

BOSTON THERAPEUTICS Inc.
33 South Comercial St.
Manchester, NH 03101
Attention: Ken Tassey Jr.
Telephone: 978.886.0421
Facsimile: (603) 685-4784

If to the Licensee, addressed to:
Advance Pharmaceutical Co. , Ltd
Rm A 2- 3F, Dai Fu Street
Tai Po Industrial Est.
Tai Po, New Territories, Hong Kong
Attention: Conroy Cheng
Telephone: (852) 2947 0311
Facsimile: (852) 2432 0106

20.3 Waiver

Neither Party may waive or release any of its rights or interests in this Agreement except in writing. The failure of either Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition. No waiver by either Party of any condition or term in any one or more instances shall be construed as a continuing waiver of such condition or term or of another condition or term.

20.4 Severability

If any provision hereof should be held invalid, illegal or unenforceable in any jurisdiction, the Parties shall negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the Parties and all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the Parties as nearly as may be possible. Such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

20.5 Entire Agreement/Modification

This Agreement, including its Exhibits, sets forth all of the covenants, promises, agreements, warranties, representations, conditions and understanding between the Parties and supersedes and terminates all prior agreements and understanding between the Parties. Subsequent alteration, amendment, change or addition to this Agreement which is agreed upon between the Parties within 60 days of the Effective Date shall be binding upon the Parties if and only if reduced to writing and signed by the respective duly authorized representatives of the Parties.

20.6 Relationship of the Parties

The Parties agree that the relationship of BTI and the Licensee established by this Agreement is that of independent contractors. Furthermore, the Parties agree that this Agreement does not, is not intended to, and shall not be construed to, establish an employment, agency or any other relationship. Except as may be specifically provided herein, neither Party shall have any right, power or authority, nor shall they represent themselves as having any authority to assume, create or incur any expense, liability or obligation, express or implied, on behalf of the other Party, or otherwise act as an agent for the other Party for any purpose.

20.7 Force Majeure

Except with respect to payment of money, neither Party shall be liable to the other for failure or delay in the performance of any of its obligations under this Agreement for the time and to the extent such failure or delay is caused by earthquake, riot, civil commotion, war, terrorist acts, strike, flood, or governmental acts or restriction, or other cause that is beyond the reasonable control of the respective Party (a "Force Majeure" event). The Party affected by such Force Majeure event will provide the other Party with full particulars thereof as soon as it becomes aware of the same (including its best estimate of the likely extent and duration of the interference with its activities), and will use diligent efforts to overcome the difficulties created thereby and to resume performance of its obligations as soon as practicable. If the performance by the affected Party of any obligation under this Agreement is delayed owing to such a Force Majeure event for any continuous period of more than one hundred twenty (120) days, the other, unaffected Party shall have the right to terminate this Agreement upon sixty (60) days' prior written notice; provided that such Force Majeure event has not ended during such sixty (60) day period.

20.8 Compliance with laws/other

Notwithstanding anything to the contrary contained herein, all rights and obligations of BTI and the Licensee are subject to prior compliance with, and each Party shall comply with, all laws, including obtaining all necessary approvals required by the applicable agencies of the governments of the United States, the Territory and foreign jurisdictions. In addition, each Party shall conduct its activities under this Agreement in accordance with good scientific and business practices.

20.9 Interpretation

The captions and headings used in this Agreement are for convenience only, and are to be of no force or effect in construing or interpreting any of the provisions of this Agreement. Unless otherwise specified to the contrary, references to Clauses or Exhibits mean the particular Clauses or Exhibits of this Agreement, and references to this Agreement include all Exhibits hereto.

Unless the context otherwise clearly requires, whenever used in this Agreement: (i) the words "include" or "including" shall be construed as incorporating, also, "but not limited to" or "without limitation;" (ii) the word "day" or "year" means a calendar day or year unless otherwise specified; (iii) the word "notice" means notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement; (iv) the words "hereof," "herein," "hereby," "hereunder" and derivative or similar words refer to this Agreement (including any Exhibits) as a whole, and not to any particular provision of this Agreement; (v) the word "or" shall be construed as the inclusive meaning identified with the phrase "and/or;"(vi) provisions that require that a Party or the Parties "agree," "consent" or "approve" or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter or otherwise; (vii) words of any gender include all genders; (viii) words using the singular or plural number also include the plural or singular number, respectively; and (ix) references to any specific law, rule or regulation, or article, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement law, rule or regulation thereof. Neither Party shall be deemed to be acting "by or under authority" of the other Party for purposes of this Agreement.

20.10 Counterparts

This Agreement may be executed in two or more counterparts by original or facsimile signature, each of which shall be deemed an original, and all of which together, shall constitute one and the same instrument.

**IN WITNESS WHEREOF,** the Parties have executed this Agreement in duplicate originals by their duly authorized representatives as of the Effective Date.

| | |
|---|---|
| **BOSTON THERAPEUTICS, INC.** | **ADVANCE PHARMACEUTICAL COMPANY LIMITED** |
| By: /s/ Kenneth A Tassey, Jr. | By: /s/ Conroy Cheng |
| Name: Kenneth A Tassey, Jr.<br>Title: Director, President | Name: Conroy Cheng<br>Title: Director |

**Exhibit 1**

**Option Agreement**

**Exhibit 2**

**SUGARDOWN Certificate**

Please see attached.

# Your Trademark/Service Mark Application, Principal Register Was Submitted Successfully

**Success!** View/Save E-Receipt as PDF file

We have received your application and assigned serial number **77812748** to your submission. You can open and save a PDF version of the filing receipt by clicking on the button, above, and this will serve as your official confirmation copy. We will also separately send an e-mail summary of the form to "**bosippto@seyfarth.com**". For electronically-submitted applications, the USPTO will no longer mail an additional paper filing receipt. However, since e-mail is not always reliable, please print out and save this notice. If the USPTO later determines that no filing date was justified, your submission will be returned, and your filing fee will be refunded. You would then have the opportunity to cure the deficiency, and re-file the application. Thank you.

**NOTE:** Do **NOT** send a duplicate paper copy of this filing to the USPTO, as it will interfere with the proper processing of the electronic submission and will result in your being charged for two filings, neither of which can be refunded.

Thank you,

TEAS Support Team

**STAMP:** USPTO/BAS-12.41.55.2-20090826075633461758-77812748-4003bebc1c635d36d552258de9a752b222-DA-5089-20090826074530644508

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Trademark Electronic Application System (TEAS) service
U.S. Patent and Trademark Office
Please refer questions or comments to: teas@USPTO.gov

United States
Patent and
Trademark Office

## Deposit Account Payment Information Summary

Please read the disclosure statement and mark the checkbox that you have read and understand the disclosure statement. Also, please confirm that the information shown below is correct. If there are any errors, click ***"Change"*** to return to the previous form. Otherwise, click ***"Submit"*** to process payment, or ***"Cancel"*** to abort the transaction.

**Disclosure Statement:**
I am an authorized user for the referenced U.S. Patent and Trademark Office Deposit Account; I authorize the U.S. Patent and Trademark Office to deduct the itemized charges listed in the Payment Information Summary from my deposit account and that sufficient funds are maintained in this account to satisfy said charges; I am aware that intentionally false or misleading statements may constitute criminal violations of United States Code Title 18.

I agree : ☑ (required)

**Payment Information:**

| | | |
|---|---|---|
| Deposit Account Number: | 502896 | |
| Holder Name: | SEYFARTH/SHAW | |
| Authorized User: | MICHAELIS , BRIAN L. | |
| Amount: | 325 | |
| Description: | Trademark/Service Mark Application, Principal Registe | |
| Attorney Docket Number: | 66857-3 | Optional |

**NO REFUND POLICY:** All sales are final and no refunds will be issued, unless a clear ***technical*** problem results in an inadvertent duplicate payment. Please ensure your transaction is correct before submitting your payment. By clicking the ***"Submit"*** button below, you are agreeing to the U.S. Patent and Trademark Office's no refund policy.

Submit | Change | Cancel

**Your transaction may take up to three (3) minutes. We appreciate your patience.**

**NOTE: Pressing 'Submit' multiple times may cause the same transaction to be processed multiple times.**
**Pressing 'Cancel' after pressing 'Submit' will not cancel the transaction.**

PTO Form 1478 (Rev 9/2006)
OMB No. 0651-0009 (Exp 12/31/2011)

**Trademark/Service Mark Application, Principal Register**
**Handwritten Signature**

**To the Commissioner for Trademarks:**

**MARK:** SUGARDOWN (Standard Characters, see mark)
The literal element of the mark consists of SUGARDOWN.
The mark consists of standard characters, without claim to any particular font, style, size, or color.

The applicants, David Platt, a citizen of United States, having an address of
12 Appleton Circle
Newton, Massachusetts 02459
United StatesKenneth Alan Tassey Jr., a citizen of United States, having an address of
Unit 309,
226 Karatzas Avenue
Manchester, New Hampshire 03104
United States
request registration of the trademark/service mark identified above in the United States Patent and Trademark Office on the Principal Register established by the Act of July 5, 1946 (15 U.S.C. Section 1051 et seq.), as amended, for the following:

International Class 005: Pharmaceutical preparations and Over The Counter (OTC) applications for the treatment of medical conditions associated with Ischemia, Cardiovascular disease, Hyperglycemia, Impaired Glucose Tolerance (IGT), Impaired Fasting Glucose (IFG), obesity and other diabetic and pre-diabetic conditions and indications.
Intent to Use: The applicant has a bona fide intention to use or use through the applicant's related company or licensee the mark in commerce on or in connection with the identified goods and/or services. (15 U.S.C. Section 1051(b)).

The applicants hereby appoint Brian L. Michaelis and John C. Serio and Joseph P. Quinn of Seyfarth Shaw LLP
Suite 300
Two Seaport Lane
Boston, Massachusetts 02210-2028
United States
to submit this application on behalf of the applicants. The attorney docket/reference number is 66857-3.
Correspondence Information: Brian L. Michaelis
Seyfarth Shaw LLP
Suite 300
Two Seaport Lane
Boston, Massachusetts 02210-2028
617-946-4830(phone)
617-946-4801(fax)
bosippto@seyfarth.com (authorized)

A fee payment in the amount of $325 will be submitted with the application, representing payment for 1 class (es).

**Declaration**

**The attached signature image file:**

Signatory File
Signatory's Name: David Platt
Signatory's Position: Individual

**The attached signature image file:**

Signatory File
Signatory's Name: Kenneth Alan Tassey Jr.
Signatory's Position: Individual

Back

PTO Form 1478 (Rev 9/2006)
OMB No. 0651-0009 (Exp 12/31/2011)

Trademark/Service Mark Application, Principal Register
***NOTE:*** *Data fields with the * are mandatory. The wording "(if applicable)" appears where the field is only mandatory under the facts of the particular application.*

The table below presents the data as entered.

| Input Field | Entered |
|---|---|
| **SERIAL NUMBER** | N/A |
| **MARK INFORMATION** | |
| ***MARK** | mark.jpg |
| **STANDARD CHARACTERS** | YES |
| **USPTO-GENERATED IMAGE** | YES |
| **LITERAL ELEMENT** | SUGARDOWN |
| **MARK STATEMENT** | The mark consists of standard characters, without claim to any particular font, style, size, or color. |
| **APPLICANT INFORMATION** | |
| ***OWNER OF MARK** | David Platt |
| ***STREET** | 12 Appleton Circle |
| ***CITY** | Newton |
| ***STATE (Required for U.S. applicants)** | Massachusetts |
| ***COUNTRY** | United States |

| | |
|---|---|
| *ZIP/POSTAL CODE (Required for U.S. applicants only) | 02459 |
| **LEGAL ENTITY INFORMATION** | |
| TYPE | individual |
| COUNTRY OF CITIZENSHIP | United States |
| **APPLICANT INFORMATION** | |
| *OWNER OF MARK | Kenneth Alan Tassey Jr. |
| *STREET | 226 Karatzas Avenue |
| INTERNAL ADDRESS | Unit 309 |
| *CITY | Manchester |
| *STATE (Required for U.S. applicants) | New Hampshire |
| *COUNTRY | United States |
| *ZIP/POSTAL CODE (Required for U.S. applicants only) | 03104 |
| **LEGAL ENTITY INFORMATION** | |
| TYPE | individual |
| COUNTRY OF CITIZENSHIP | United States |
| **GOODS AND/OR SERVICES AND BASIS INFORMATION** | |
| *INTERNATIONAL CLASS | 005 |
| *IDENTIFICATION | Pharmaceutical preparations and Over The Counter (OTC) applications for the treatment of medical conditions associated with Ischemia, Cardiovascular disease, Hyperglycemia, Impaired Glucose Tolerance (IGT), Impaired Fasting Glucose (IFG), obesity and other diabetic and pre-diabetic conditions and indications. |
| FILING BASIS | SECTION 1(b) |
| **ATTORNEY INFORMATION** | |
| NAME | Brian L. Michaelis |
| ATTORNEY DOCKET NUMBER | 66857-3 |
| FIRM NAME | Seyfarth Shaw LLP |
| STREET | Two Seaport Lane |
| INTERNAL ADDRESS | Suite 300 |
| CITY | Boston |
| STATE | Massachusetts |
| COUNTRY | United States |

| | |
|---|---|
| ZIP/POSTAL CODE | 02210-2028 |
| PHONE | 617-946-4830 |
| FAX | 617-946-4801 |
| EMAIL ADDRESS | bosippto@seyfarth.com |
| AUTHORIZED TO COMMUNICATE VIA EMAIL | Yes |
| OTHER APPOINTED ATTORNEY | John C. Serio and Joseph P. Quinn |

**CORRESPONDENCE INFORMATION**

| | |
|---|---|
| NAME | Brian L. Michaelis |
| FIRM NAME | Seyfarth Shaw LLP |
| STREET | Two Seaport Lane |
| INTERNAL ADDRESS | Suite 300 |
| CITY | Boston |
| STATE | Massachusetts |
| COUNTRY | United States |
| ZIP/POSTAL CODE | 02210-2028 |
| PHONE | 617-946-4830 |
| FAX | 617-946-4801 |
| EMAIL ADDRESS | bosippto@seyfarth.com |
| AUTHORIZED TO COMMUNICATE VIA EMAIL | Yes |

**FEE INFORMATION**

| | |
|---|---|
| NUMBER OF CLASSES | 1 |
| FEE PER CLASS | 325 |
| *TOTAL FEE DUE | 325 |
| *TOTAL FEE PAID | 325 |

**SIGNATURE INFORMATION**

| | |
|---|---|
| * SIGNATORY FILE | hw_1241552-074530644_._sugardownUSPTOapp.pdf |
| SIGNATORY'S NAME | David Platt |
| SIGNATORY'S POSITION | Individual |
| * SIGNATORY FILE | hw_1241552-074530644_._sugardownUSPTOapp.pdf |
| SIGNATORY'S NAME | Kenneth Alan Tassey Jr. |
| SIGNATORY'S POSITION | Individual |

A fee payment in the amount of $325 will be submitted with the application, representing payment for 1 class(es).

**Declaration**

The undersigned, being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements, and the like, may jeopardize the validity of the application or any resulting registration, declares that he/she is properly authorized to execute this application on behalf of the applicant; he/she believes the applicant to be the owner of the trademark/service mark sought to be registered, or, if the application is being filed under 15 U.S.C. Section 1051(b), he/she believes applicant to be entitled to use such mark in commerce; to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true.

Signature: _____ Date Signed: 6/25/2009
Signatory's Name: David Platt
Signatory's Position: Individual

Signature: _____ Date Signed: 8/25/09
Signatory's Name: Kenneth Alan Tassey, Jr.
Signatory's Position: Individual

PTO Form 1478 (Rev 9/2006)
OMB No. 0651-0009 (Exp 12/31/2011)

**Mark (USPTO-generated image for standard characters):**

SUGARDOWN

Back

**Exhibit 3**

**List of Prices**

Please see attached.

All manufacturing overheads, selling expenses, labeling and other costs are included in the prices set out, with the exception of sales tax (including VAT) and transfer costs, which the respective buyer shall bear.

[***]

**Exhibit 4**

**Banking Information**

**BOSTON THERAPEUTICS, INC.**

Name: BOSTON THERAPEUTICS, Inc

Bank: **[***]**

Account Number: **[***]**

Routing: **[***]**

**ADVANCE PHARMACEUTICALS CO., LIMITED**

Name: ZAPP BIOTECHNOLOGY COMPANY LIMITED

Bank: **[***]**

Account Number: **[***]**

**EXHIBIT 5**

**Reimbursement of Costs**

| | Costs borne by BTI | | Costs borne by the Licensee |
|---|---|---|---|
| | (Region 1)<br><br>Reference/use in Additional Territory other than USA | (Region 2)<br><br>Reference/use in USA | (Region 3)<br><br>Reference/use in Territory |
| MAA in Territory | | | [***]% |
| | | [***]%# | [***]%## |
| | [***]%# | | [***]%## |
| | [***]* | [***]* | 1/3* |
| MAA in Europe | [***]% | | |
| | [***]%## | | [***]%# |
| | [***]%## | [***]%# | |
| | [***]* | [***]* | [***]* |
| MAA in USA | | [***]% | |
| | | [***]%## | [***]%# |
| | [***]%# | [***]%## | |
| | [***]* | [***]* | [***]* |

# In the event that a MAA is obtained by a first Party in its region and is referenced/used by the second Party in its region or one of its regions, such second Party – in respect of its reference/use in its region of the first Party's MAA – shall reimburse to the first Party [***] percent ([***]%) of the costs of the first Party's MAA. BTI's costs in Regions 1 and 2 will be similarly treated.

## After reimbursement by the second Party, the costs borne by the first Party which obtained the MAA shall be reduced to [***] percent ([***]%) of the costs of such MAA.

* In the event that the Licensee has previously paid [***]percent ([***]%) of MAA costs to BTI, then upon BTI's reference/use of such MAA a 3rd region (i.e., reference/use is made by BTI in both the USA and in the Additional Territory), BTI shall repay the Licensee[***] ([***]) of the costs of such MAA, so that the overall result is as follows: if the Parties reference/use a given MAA in each of the above 3 regions, the Licensee shall bear [***] ([***]) of the costs of such MAA, and BTI shall bear [***] ([***]) of such costs.

**Exhibit 6**

**List of Patents**

US Provisional patent #61410609 filed 05-Nov-2010;

US patent #5,527,770;

US patent #5,681,923;

US patent # 5,759,992;

US patent # 5891,861:

US patent # 6,423,314 B2

**Exhibit 7**

**List of Products**

**(refer to the definition of Product(s))**

1. SUGARDOWN; and
2. SUGARDOWN-related products

**Exhibit 8**

**Certificated of analysis of SugarDown Chewable Tablet**

Please see attached.

[***]

**Exhibit 9**

**Declarations of Good Manufacturing Practice**

Please see attached.

[***]]

Form Approved: OMB No. 0910-0045. Expiration Date: December 31, 2007.

See OMB Statement on Reverse.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
FOOD AND DRUG ADMINISTRATION

# REGISTRATION OF DRUG ESTABLISHMENT/ LABELER CODE ASSIGNMENT

(In accordance with Public Law 92-387)

NOTICE: This report is required by law (21 C.F.R. 207.20). Failure to report can result in imprisonment for not more than one year or a fine of not more than $1,000, or both. (FD&C Act, Section 303).

LABELER CODE (***)

REGISTRATION NUMBER (***)

## SECTION A - SITE INFORMATION

REPORTING FIRM NAME [***]

STATE OF INC.

SITE ADDRESS (No P.O. Box) [***]

SITE TELEPHONE NUMBER (***) [***]

CITY [***] | STATE [***] | ZIP CODE [***] | COUNTRY USA

BUSINESS CATEGORY: ☒ HUMAN ☐ VETERINARY

SITE MAILING ADDRESS (If different from site address)

CITY | STATE | ZIP CODE | COUNTRY | SITE INTERNET/EMAIL ADDRESS (***)

DOING BUSINESS AS (DBA) NAME OF FIRM (If applicable)

PARENT COMPANY NAME

REASON(s) FOR SUBMISSION

- ☐ Firm Registration
- ☐ Registration of Additional Site
- ☒ Re-Registration
- ☐ LC Assignment
- ☐ Name Change
- ☐ Address Change
- ☐ Merger/Buyout
- ☐ Reentry into Business with Same Name
- ☐ Out of Business

(annual)

TYPE OF OWNERSHIP

- ☐ Sole Proprietorship
- ☐ Partnership
- ☐ Coop. Assn.
- ☒ Corporation
- ☐ Other

PERSON SUBMITTING DATA AND TELEPHONE
Chrystal (***) [***]

BUSINESS TYPE

- ☒ Manufacturer
- ☐ Repacker
- ☐ Relabeler
- ☐ Distributor*
- ☐ Foreign Country
- ☐ Analytical Lab
- ☐ Other

## SECTION B - FIRM COMPLIANCE MAILING ADDRESS for Annual Listing Report and/or Firm Correspondence

NUMBER AND STREET AND/OR P.O. BOX and ATTENTION LINE and/or Internal Mail Code [***]

TELEPHONE NUMBER ( ) [***]

CITY [***] | STATE [***] | ZIP CODE [***] | COUNTRY USA

COMPLIANCE INTERNET/EMAIL ADDRESS [***]

## SECTION C - ADDITIONAL FIRM AND SITE INFORMATION

| NAME OF OWNER, PARTNERS OR OFFICERS | TITLE | POSITION |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

RECEIVED
JUN 18 2008
DRLS

OTHER FIRMS DOING BUSINESS AT THIS SITE

| LABELER CODE | FIRM NAME | LABELER CODE | FIRM NAME |
|---|---|---|---|
| | | | |
| | | | |

## SECTION D - SIGNATURE

| SIGNATURE OF AUTHORIZING OFFICIAL | TITLE | DATE |
|---|---|---|
| Chrystal [***] | Quality Manager | 06/10/2008 |

*DISTRIBUTOR'S CERTIFICATION: As a, Distributor, I am submitting product listing information to the FDA on my own behalf. I have provided a copy of this certification (Form FDA 2656) to the registered manufacturer(s). My signature and phone number are listed below.

**RETURN THIS FORM TO:**
FOOD AND DRUG ADMINISTRATION
CDER/DRUG REGISTRATION AND LISTING (HFD-337)
5600 FISHERS LANE
ROCKVILLE, MD 20857
INTERNET: DRLS@FDA.HHS.GOV

SIGNATURE OF DISTRIBUTOR

DISTRIBUTOR'S TELEPHONE NUMBER ( )

FDA 2656 (8/07) (FRONT)

NOTE: Validation of this form is not to be construed as FDA approval of the establishment or its products.
PREVIOUS EDITION IS OBSOLETE

PSC Graphics (301) 443-1090 EF

**Exhibit 10.2**

**EMPLOYMENT AGREEMENT**

EMPLOYMENT AGREEMENT dated as of August 11, 2011 (the "Effective Date"), by and between BOSTON THERAPEUTICS, INC., a Delaware corporation (the "Company") and Ken Tassey (the "Executive").

WHEREAS, the Company has employed the Executive as President and Chief Operating Officer, and now desires to memorialize the terms of the employment relationship between the Company and the Executive; and

WHEREAS, the Executive is willing to accept his continued employment on the terms hereinafter set forth in this agreement (this "Agreement");

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties hereby agree as follows:

1. Term of Employment. Subject to and upon the terms and conditions set forth in this agreement, the Executive shall be employed by the Company for an initial period and ending on December 31, 2012; provided, however, that such period shall be automatically extended for an additional one (1) year period and for an additional year on the last day of each succeeding year thereafter unless the Company or the Executive notifies the other in writing not less than 90 days prior to such termination or anniversary date of its intention not to so extend the Agreement. The initial period together with any subsequent one-year extension(s), if applicable, shall be referred to hereinafter as the "Employment Term."

2. Position.

(a) The Company hereby confirms the engagement of the Executive as President and Chief Operating Officer of the Company for the Employment Term, and the Executive accepts such employment on the terms and conditions set forth in this Agreement. During the Employment Term, the Executive shall perform such duties and exercise such authority as are commensurate with the duties and authority of a President and Chief Operating Officer and such other reasonable duties as shall be determined from time to time by the Chairman of the Company's board of directors (the "Chairman") in his discretion.

(b) During the Employment Term, the Executive shall devote all of his business time and best efforts to the performance of his duties for the Company, except as otherwise permitted herein. The Executive shall act in accordance with the Company's general policies and procedures applicable to other senior executives consistent with this Agreement and shall not engage in any other business, profession or occupation for compensation or otherwise which would conflict with the rendition of such services either directly or indirectly, without the prior written consent of the Chairman.

3. Compensation. During the Employment Term, the Company initially shall pay the Executive a salary (the "Salary") at an annual rate of $36,000. Salary shall be payable in regular installments in accordance with the Company's usual payroll practices. Salary shall be subject to periodic review and may be increased (but not decreased) from time to time by the Chairman in consultation with the board of directors of the Company. In addition to the Salary, the Company may pay Executive a discretionary bonus at such time or times and in such amounts as the Chairman in consultation with the Board of Directors of the Company may determine.

4. Employee Benefits. During the Employment Term, the Executive shall be provided with benefits on the same basis as employee benefits are generally made available to other senior executives of the Company, including for example, health, life and disability insurance and participation in any non-discretionary executive bonus or similar plans, if any. Nothing in this Agreement shall prevent the Company from amending, terminating or otherwise restructuring the employee benefit plans and arrangements made available to the senior executives of the Company. The Executive shall be provided with three (3) weeks paid vacation per year and any additional paid days off to which he may be entitled under the Company's personnel policies.

5. Business Expenses. During the Employment Term, reasonable business expenses incurred by the Executive in the performance of his duties hereunder shall be reimbursed by the Company in accordance with the Company's policies.

6. Termination. Notwithstanding any other provision of this Agreement:

(a) For Cause by the Company. The Employment Term and the Executive's employment hereunder may be terminated by the Company for "Cause." For purposes of this Agreement, "Cause" shall mean (i) gross neglect of duties, (ii) material dishonesty, fraud, misappropriation or intentional damage to the Company monetarily or otherwise, (iii) engagement in conduct which is demonstrably and materially injurious to the Company, or that materially harms the reputation or financial position of the Company, unless the conduct in question was undertaken in good faith on an informed basis with due care and with a rational business purpose and based upon the belief that such conduct was in the best interests of the Company; (iv) indictment or conviction of, or pleading guilty or no contest to, a felony, (v) conviction of or pleading guilty to a lesser crime or offense involving Company property, (vi) breach of fiduciary duties to the Company which may reasonably be expected to have a material adverse effect on the Company; (vii) obstructing or impeding, or failing to materially cooperate with, any investigation authorized by the Board or any governmental or self-regulatory entity; (viii) violation of any nondisclosure, nonsolicitation, non-hire, or noncompete agreement or policy applicable to Executive which violation may reasonably be expected to have a material adverse effect on the Company or its reputation; (ix) violation of any policy of the Company that is generally applicable to all employees or officers of the Company including, but not limited to, policies concerning insider trading, workplace violence, discrimination, or sexual harassment, or the Company's code of conduct, that Executive knows or reasonably should know could reasonably be expected to result in a material adverse effect on the Company or its reputation; (x) gross misconduct or misconduct which is repeated after written notice in connection with the performance of his duties; or (xi) any other breach on the part of the Executive which would make continued employment materially prejudicial to the Company, which is repeated after 10 days written notice and 10 day opportunity to cure all as determined in good faith by the Board of Directors of the Company. The notice required by the prior sentence shall indicate the Company's intention to terminate the Executive pursuant to this Section 6(a). If the Executive is terminated for Cause, he shall be entitled to receive his Salary through the date of termination.

(b) Disability or Death. The Employment Term and the Executive's employment hereunder shall terminate upon his death and the Company may terminate the Executive if he becomes physically or mentally incapacitated and is therefore unable for a period of 45 consecutive working days or 75 working days in a six (6) month period to perform his duties (such incapacity is hereinafter referred to as "Disability"). Any question as to the existence of the Disability of the Executive as to which the Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to the Executive and the Company. Such qualified independent physician shall be selected by the Executive and the Company within 30 days of the date that the Company has given the Executive written notice of its intent to terminate the Executive due to his Disability. Such qualified independent physician shall make a written determination as to the Executive's Disability within 30 days of his selection. Notwithstanding the foregoing, if the Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician within 45 days of the date that the Company had given the Executive written notice of its intent to terminate the Executive due to his Disability and those two physicians shall select a third who shall make such determination in writing within 30 days of his selection. The determination of Disability made in writing to the Company and the Executive shall be final and conclusive for all purposes of this Agreement.

Upon termination of the Executive's employment hereunder for either Disability or death, the Executive or his estate (as the case may be) shall be entitled to receive (i) any accrued but unpaid Salary through the end of the month in which such termination occurs and (ii) any unpaid non-discretionary bonus for the year prior to the year in which the termination occurs together with such severance as the Executive would have received had this Agreement been terminated by the Executive pursuant to Section 6(d)(ii) below.

(c) Termination by the Company Without Cause. The Employment Term and the Executive's employment hereunder may be terminated by the Company without "Cause" (other than by reason of Disability) upon Notice of Termination (as defined in Section 6(g) hereof) to the Executive. In that event, the Executive shall be entitled to receive (A) any accrued but unpaid Salary through the date of such termination, and (B) any accrued but unpaid non-discretionary bonus through the end of the calendar year prior to the calendar year in which such termination occurs. In addition, if the Executive's employment is terminated without Cause by the Company during the Employment Term, the Executive shall receive severance in an amount equal to 50% of his annual Salary as in effect as of such termination date. Such severance shall be paid in a single lump sum.

(d) Termination by the Executive or Non-Renewal. The Employment Term and the Executive's employment hereunder may be terminated by the Executive for any reason upon Notice of Termination (as defined in Section 6(g) below) to the Company.

In the event the Executive terminates his employment with the Company, the Company shall pay to the Executive (A) any accrued but unpaid Salary through the date of such termination, and (B) any unpaid non-discretionary bonus for the calendar year prior to the calendar year in which the termination occurs. Such payment(s) shall be made to the Executive within fourteen (14) days after the termination date.

(e) Upon the Executive's termination pursuant to any of Sections 6(a) - (d), the Executive (or his estate, as the case may be) shall have no further rights, other than those set forth in whichever is applicable of Section 6(a), (b), (c) or (d) to any compensation or any other benefits under this Agreement. All other benefits, if any, due the Executive following the Executive's termination of employment pursuant to any of Sections 6(a) - (d) shall be determined in accordance with the plans, policies and practices of the Company.

(f) Notwithstanding any other provision of this Agreement, the payments required to be made under this Section 6 (or the acceleration of benefits described in Section 7) shall be made only if the Executive executes a release of claims in the form attached hereto as **Exhibit I** to this Agreement, or such similar form as the Company may determine, and such release or form, as applicable, has become effective.

(g) Notice of Termination. Any purported termination of the Executive's employment hereunder by the Executive or the Company shall be communicated by written Notice of Termination to the Company or the Executive, as applicable, in accordance with Section 11(g) hereof 20 days prior to the effective date of such termination (the "Termination Date"); provided, however, that a Notice of Termination provided to the Executive by the Company may provide that such termination shall be (i) effective immediately upon delivery of such Notice of Termination or (ii) at such other time as may be provided in such written Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific section of this Agreement under which the Executive's employment is being terminated. Subject to the terms and conditions of this Agreement, during the period beginning on the date of delivery of the Notice of Termination and ending on the Termination Date, if such a time period shall exist, the Executive shall continue to perform his duties as set forth in this Agreement, and shall also perform such services as determined by the Chairman as may be necessary and appropriate to effectuate a smooth transition to the Executive's successor, if any. Notwithstanding the foregoing provisions of this Section 6(g), the Company may suspend the Executive from performing his duties under this Agreement following the delivery by the Company of the Notice of Termination providing for the Executive's termination of employment.

(h) Mitigation/Offset. Following the termination of his employment under any of the above clauses of this Section 6, the Executive shall have no obligation or duty to seek subsequent employment or engagement as an employee or as a consultant.

7. Change of Control.

(a) For purposes of this Agreement, the term "Change of Control" means: (i) the closing of the sale of all or substantially all of the Company's assets as an entirety to any person or related group of persons; (ii) the merger or consolidation of the Company with or into another corporation or the merger or consolidation of another corporation with or into the Company, in either case with the effect that immediately after such transaction the stockholders of the Company immediately prior to such transaction hold less than a majority in interest of the total voting power of the outstanding voting securities of the entity surviving such merger or consolidation; or (iii) the closing of a transaction pursuant to which beneficial ownership of more than 50% of the Company's outstanding Common Stock (assuming the issuance of Common Stock upon conversion or exercise of all then exercisable conversion or purchase rights of holders of outstanding convertible securities, options, warrants, exchange rights and other rights to acquire Common Stock) is transferred to a single person or entity, or a "group" (within the meaning of Rule 13d-5(b)(1) under the Securities Exchange Act of 1934) of persons or entities, in a single transaction or a series of related transactions.

(b) If Executive is terminated without Cause within 120 days after a Change of Control, then he shall be entitled to the severance benefit described in Section 6(c).

8. Non-Solicitation.

The Executive acknowledges and recognizes the highly competitive nature of the business of the Company and its affiliates and accordingly agrees as follows:

(a) During the Employment Term and for a period of eighteen (18) months thereafter (the "Restricted Period"), the Executive will not, directly or indirectly, solicit or encourage any employee of the Company to leave the employment of the Company.

(b) During the Restricted Period, the Executive will not, directly or indirectly, solicit or encourage any consultant under contract with the Company to cease to work with the Company.

9. Non-Competition/Confidentiality.

(a) The Executive hereby agrees that he will comply with the Company's general policies regarding confidentiality. Without in any way limiting the foregoing sentence, the Executive further agrees that he will not, at any time during or after the Employment Term, make use of or divulge to any other person, firm or corporation any trade or business secret, process, method or means, or any other confidential information concerning the business or policies of the Company, which he may have learned in connection with his employment. For purposes of this Agreement, a "trade or business secret, process, method or means, or any other confidential information" shall mean and include written information treated as confidential or as a trade secret by the Company. The Executive's obligation under this Section 9 shall not apply to any information which (i) is known publicly; (ii) is in the public domain or hereafter enters the public domain without the fault of the Executive; (iii) is known to the Executive prior to his receipt of such information from the Company, as evidenced by written records of the Executive or (iv) is hereafter disclosed to the Executive by a third party not under an obligation of confidence to the Company. The Executive agrees not to remove from the premises of the Company, except as an employee of the Company in pursuit of the business of the Company or except as specifically permitted in writing by the Board, any document or other object containing or reflecting any such confidential information. The Executive recognizes that all such documents and objects, whether developed by him or by someone else, will be the sole exclusive property of the Company. Except as specifically authorized by the Board upon termination of his employment hereunder, the Executive shall forthwith deliver to the Company all such confidential information, including without limitation all lists of customers, correspondence, accounts, records and any other documents (whether or not electronically or digitally produced) or property made or held by him or under his control in relation to the business or affairs of the Company, and no copy of any such confidential information shall be retained by him.

(b) During the Restricted Period, the Executive will not directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant, (i) engage in any business for the Executive's own account that materially competes with the business of the Company, (ii) enter the employ of, or render any services to, any person engaged in any business that materially competes with the business of the Company, (iii) acquire a financial interest in, or otherwise become actively involved with, any person engaged in any business that materially competes with the business of the Company, directly or indirectly, or (iv) interfere with business relationships (whether formed before or after the date of this Agreement) between the Company and customers or suppliers of the Company. For purposes of this Section 9, the Company shall be construed to include the Company and its majority owned subsidiaries, if any. Notwithstanding the foregoing, nothing in this Section 9 shall be construed to prevent the Executive from owning, as an investment, not more than 1% of a class of equity securities issued by any entity which is publicly traded and registered under the Securities and Exchange Act of 1934.

(c) It is expressly understood and agreed that although the Executive and the Company consider the restrictions contained in Sections 8 and 9 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against the Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

10. Specific Performance. The Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Sections 8 or 9 of this Agreement would be inadequate and, in recognition of this fact, the Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

11. Miscellaneous.

(a) Governing Law and Dispute Resolution. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. Any dispute or controversy arising under or in connection with this Agreement, or any breach thereof, shall be resolved and settled exclusively by arbitration, conducted by a single arbitrator sitting in Boston, Massachusetts in accordance with the commercial arbitration rules of the American Arbitration Association ("AAA") pertaining to expedited procedures. The Company shall bear the cost of the reasonable attorney's fees and expenses of the Executive connected with the negotiation and enforcement of this Agreement; provided, however, that fees and expenses pertaining to the enforcement of this Agreement shall be limited to $5,000 in the event that an arbitrator renders a decision in favor of the Company and adverse to the Executive.

(b) Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the employment of the Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.

(c) No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(d) Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

(e) Assignment. This Agreement shall not be assignable by the Executive. This Agreement may be assigned by the Company to a company which is a successor in interest to substantially all of the business operations of the Company. Such assignment shall become effective when the Company notifies the Executive of such assignment or at such later date as may be specified in such notice provided that any assignee expressly assumes the obligations, rights and privileges of this Agreement. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such successor company.

(f) Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon the Company's and the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributes, devises and legatees.

(g) Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

To the Company:

Attention: CEO

To Executive:

Ken Tassey
[Address]

(h) Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(i) Counterparts. This Agreement may be signed in two (2) counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

/s/Ken Tassey
Ken Tassey

Boston Therapeutics, Inc.

By: /David Platt
Title: CEO

**EXHIBIT I**

**GENERAL RELEASE OF ALL CLAIMS**

This General Release of all Claims (this "Agreement") is entered into by and between Ken Tassey (the "Executive") and Boston Therapeutics, Inc. (the "Company") effective as of _____, 201_.

In consideration of the promises set forth in the employment agreement between the Executive and the Company, dated as of July 1, 2011, as it may have been amended as of the effective date hereof (the "Employment Agreement"), as well as any promises set forth in this Agreement, the Executive and the Company agree as follows:

(1) Employment Agreement Entitlement.

The Company will provide the Executive with the post-termination payments and benefits to which he is entitled pursuant to the Employment Agreement.

(2) Return of Property.

All Company files, access keys, desk keys, ID badges and credit cards, and such other property of the Company as the Company may reasonably request, in the Executive's possession must be returned promptly following the date of the Executive's termination from the Company (the "Termination Date").

(3) Reasonable Assistance.

For a period of one year following the Termination Date, the Executive shall be available subject to reasonable request by the Company to assist the Company in the defense of any claim or litigation matter or other matter which relates to, or arose in connection with, the Executive's performance of his duties pursuant to the Employment Agreement; provided that such cooperation shall not unreasonably interfere with the Executive's employment. The Company will reimburse the Executive for all his reasonable and necessary out-of-pocket expenses incurred by him in rendering the cooperation required under this Section 3 upon receipt by the Company of reasonable substantiation or documentation thereof, such expenses to be paid within 30 days after the Executive's submission of such costs. To the extent such cooperation requires the Executive to travel, all travel shall be arranged by the Company in accordance with relevant Company policies.

(4) General Release and Waiver of Claims.

Except as provided in the last sentence of this Section (4), the Executive hereby unconditionally and forever releases, discharges and waives any and all claims of any nature whatsoever, whether legal, equitable or otherwise, which the Executive may have against the Company arising at any time on or before the Termination Date, other than with respect to the obligations of the Company to the Executive under the Employment Agreement. This release of claims extends to any and all claims of any nature whatsoever, other than with respect to the obligations of the Company to the Executive under the Employment Agreement, whether known, unknown or capable or incapable of being known as of the Termination Date of thereafter. This Agreement is a release of all claims of any nature whatsoever by the Executive against the Company, other than with respect to the obligations of the Company to the Executive under the Employment Agreement and this Agreement, and includes, other than as herein provided herein, any and all claims, demands, causes of action, liabilities whether known or unknown including those caused by, arising from or related to the Executive's employment relationship with the Company including, but without limitation and by way of example only, any and all alleged discrimination or acts of discrimination which occurred or may have occurred on or before the Termination Date based upon race, color, sex, creed, national origin, age, disability or any other violation of any Equal Employment Opportunity Law, ordinance, rule, regulation or order, including, but not limited to and by way of example only, Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act, as amended (as further described in Section 5 below); the Americans with Disabilities Act; the Massachusetts Fair Employment Practices Act, M.G.L. c. 151B; the Massachusetts Civil Rights Act; the Massachusetts Equal Rights Law; the Massachusetts Payment of Wages Statute; Chapters 149 through 154 of the Massachusetts General Laws; claims under the Employee Retirement Income Security Act ("ERISA") (except with respect to vested benefits); or any other federal, state or local laws or regulations regarding employment discrimination or termination of employment. This also includes claims for wrongful discharge, fraud in the inducement of employment or continuation of employment or employment related misrepresentation or any other misrepresentation under any statute, rule, regulation or under the common law. This also includes the release, discharge and waiver of any claim which the Executive may have against any shareholder, employee, director or officer of the Company arising at any time on or before the Termination Date in respect of any matter described above, which is related in any way to the Executive's employment with the Company or the termination of such employment. The Executive expressly agrees and understands that this release and waiver of claims is a GENERAL RELEASE, and that any reference to specific claims arising out of or in connection with his employment is not intended to limit the release and waiver of claims.

The Executive agrees and understands and knowingly agrees to this release because it is his intent in executing this Agreement to forever discharge the Company from any and all present, future, foreseen or unforeseen causes of action except for the obligations of the Company set forth in the Employment Agreement and this Agreement.

This release shall not, however, have any effect with respect to any vested right the Executive or his beneficiaries may have regarding any employee benefit plan subject to regulation by ERISA in which the Executive is or was a participant.

(5) Release and Waiver of Claims Under the Age Discrimination in Employment Act.

The Executive acknowledges that the Company encouraged him to consult with an attorney of his choosing, and through this Agreement encourages him to consult with his attorney with respect to possible claims under the Age Discrimination in Employment Act of 1967, as amended ("ADEA") and that the Executive acknowledges that he understands that the ADEA is a federal statute that prohibits discrimination, on the basis of age, in employment, benefits, and benefit plans. The Executive wishes to waive any and all claims under the ADEA that he may have, as of the Termination Date, against the Company, its shareholders, employees, or successors and hereby waives such claims. The Executive further understands that by signing this Agreement he is in fact waiving, releasing and forever giving up any claim under the ADEA that may have existed on or prior to the Termination Date. The Executive acknowledges that the Company has informed him that he has at his option, twenty-one (21) days in which to sign the waiver of this claim under ADEA, and he does hereby knowingly and voluntarily waive said twenty-one (21) day period. The Executive also understands that he has seven (7) days following the Termination Date within which to revoke the release contained in this section by providing a written notice of his revocation of the release and waiver contained in this section to the Company. The Executive further understands that this right to revoke the release contained in this section relates only to this section and does not act as a revocation of any other term of this Agreement.

(6) Proceedings.

The Executive has not filed, and agrees not to initiate or cause to be initiated on his behalf, any complaint, charge, claim or proceeding against the Company before any local, state or federal agency, court or other body relating to his employment or the termination of his employment, other than with respect to the obligations of the Company to the Executive under Sections 6 and 7 of the Employment Agreement (each individually, a "Proceeding"), and agrees not to voluntarily participate in any Proceeding. The Executive waives any right he may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any Proceeding.

(7) Remedies.

In the event the Executive initiates or voluntarily participates in any Proceeding, or if he fails to abide by any of the terms of this Agreement, or if he revokes the ADEA release contained in Section 5 of this Agreement within the seven-day period provided under Section 5, the Company may, in addition to any other remedies it may have, reclaim any amounts paid to him under the termination provisions of the Employment Agreement or terminate any benefits or payments that are subsequently due under the Employment Agreement, without waiving the release granted herein. The Executive acknowledges and agrees that the remedy at law available to the Company for breach of any of his post-termination obligations under the Employment Agreement or his obligations under Sections 4, and 5 of this Agreement would be inadequate and that damages flowing from such a breach may not readily be susceptible to being measured in monetary terms. Accordingly, the Executive acknowledges, consents and agrees that, in addition to any other rights or remedies which the Company may have at law, in equity or under this Agreement, upon adequate proof of his violation of any such provision of this Agreement, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage.

The Executive understands that by entering into this Agreement he will be limiting the availability of certain remedies that he may have against the Company and limiting also his ability to pursue certain claims against the Company.

(8) Severability Clause.

In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire agreement, will be inoperative.

(9) Non-Admission.

Nothing contained in this Agreement will be deemed or construed as an admission of wrongdoing or liability on the part of the Company nor on the part of the Executive.

(10) Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts applicable to agreements made and to be performed in that State; Any dispute or controversy arising under or in connection with this Agreement, or any breach thereof, shall be resolved and settled exclusively by arbitration, conducted by a single arbitrator sitting in Boston, Massachusetts in accordance with the commercial arbitration rules of the American Arbitration Association (“AAA”) pertaining to expedited procedures.

(11) Notices.

For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth immediately below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

| | |
|---|---|
| To Company: | Boston Therapeutics, Inc.<br>Attn: |
| To Executive: | Ken Tassey<br>[ADDRESS] |

THE EXECUTIVE ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT AND THAT HE FULLY KNOWS, UNDERSTANDS, AND APPRECIATES ITS CONTENTS, AND THAT HE HEREBY EXECUTES THE SAME AND MAKES THIS AGREEMENT AND THE RELEASE AND AGREEMENTS PROVIDED FOR HEREIN VOLUNTARILY AND OF HIS OWN FREE WILL.

IN WITNESS WHEREOF, the parties have executed this AGREEMENT as of the date first set forth above.

**Exhibit 31.1**

**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 15, 2011

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

**Exhibit 31.2**

**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 15, 2011

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

**Exhibit 32.1**

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, 2011 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 15, 2011

By: /s/ David Platt
David Platt

Chief Executive Officer

**Exhibit 32.2**

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, 2011 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 15, 2011

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