THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.
Form 10-Q
November 21, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

X .

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2012

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number: **000-54554**

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada	**45-1226465**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

4093 Oceanside Blvd, Suite B

Oceanside, California 92056

(Address of principal executive offices, including zip code)

(760) 295-7208

(Registrant's telephone number, including area code)

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

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 X .

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

Large Accelerated Filer	.	Non-Accelerated Filer (Do not check if a smaller reporting company)	.
Accelerated Filer	.	Smaller reporting company	X .

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

As of November 19, 2012, the Registrant had 305,458,333 outstanding shares of Common Stock with a par value of $0.001 per share.

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IMPORTANT PREFATORY NOTE

On August 24, 2012, we entered into a Master Dispute Resolution Agreement (the MDRA) with James P. Boyd (Boyd), Boyd Research, Inc. (Boyd Research) and TMD Courses, Inc. (TMD and together with Boyd and Boyd Research, the Boyd Parties) and Timothy G. Dixon (Dixon) and Gerry B. Berg (Berg), and on August 24, 2012 we also entered into a License Agreement with Boyd Research and TMD (the New License Agreement), an Escrow Agreement with Boyd and with Chicago Title Company as escrow agent (the Escrow Agreement), and a Voting Agreement with Boyd (the Voting Agreement). We filed Form 8-K s with the Securities and Exchange Commission on August 28, 2012, August 29, 2012 and August 30, 2012 in regard to these matters.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report and the information incorporated by reference herein may contain forward-looking statements (as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). These statements, which involve risks and uncertainties, reflect our current expectations, intentions, or strategies regarding our possible future results of operations, performance, and achievements. Forward-looking statements include, without limitation: statements regarding future products or product development; statements regarding future selling, general and administrative costs and research and development spending; statements regarding our product development strategy; and statements regarding future financial performance, results of operations, capital expenditures and sufficiency of capital resources to fund our operating requirements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and applicable rules of the Securities and Exchange Commission and common law.

These forward-looking statements may be identified in this report and the information incorporated by reference by words such as anticipate , believe , could , estimate , expect , intend , plan , predict , project , should expressions, including references to assumptions and strategies. These statements reflect our current beliefs and are based on information currently available to us. Accordingly, these statements are subject to certain risks, uncertainties, and contingencies, which could cause our actual results, performance, or achievements to differ materially from those expressed in, or implied by, such statements.

The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

Limited operating history in our new business model;

Limited experience introducing new products;

Limited operating history in international markets;

Our ability to successfully expand our operations and manage our future growth;

Difficulty in managing our growth and expansion;

Limited capital resources;

Dilutive effects of any potential need to raise additional capital;

The deterioration of global economic conditions and the decline of consumer confidence and spending;

Material weaknesses reported in our internal control over financial reporting;

Our ability to retain independent distributors or to hire new independent distributors on an ongoing basis;

The potential for government or third party actions against us resulting from independent distributor activities that violate applicable laws or regulations;

Our ability to protect our intellectual property rights and the value of our product;

The potential for product liability claims against us;

Our dependence on third party manufacturers to manufacture our product;

Our common stock is currently classified as a penny stock

Our stock price may experience future volatility;

The illiquidity of our common stock;

Substantial sales of shares of our common stock;

Other factors not specifically described above, including the other risks, uncertainties, and contingencies described under Description of Business , Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations in Items 1 and 7 of our Annual Report on Form 10-K for the year ended December 31, 2011.

When considering these forward-looking statements, you should keep in mind the cautionary statements in this report and the documents incorporated by reference. We have no obligation and do not undertake to update or revise any such forward-looking statements to reflect events or circumstances after the date of this report.

Actual results may vary materially from those in such forward-looking statements as a result of various factors. No assurance can be given that the risk factors described in this Quarterly Report on Form 10-Q are all of the factors that could cause actual results to vary materially from the forward-looking statements. References in this Quarterly Report on Form 10-Q to the Company, TSOI, we, our, and us refer to Therapeutic Solutions International, Inc.

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.

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PART I Financial Information

Item 1. Financial Statements

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.
(Formerly Splint Decisions Inc.)
Consolidated Balance Sheets

	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 85,851	$ 87,976
Accounts receivable, net	28,576	37,416
Inventories	43,498	48,198
Prepaid expenses and other current assets	12,164	490,037
Total current assets	170,088	663,627
Other non-current assets	17,390	12,350
Property and equipment, net	188,303	7,639
Licensing agreement, net	2,625,000	2,775,000
Total assets	$ 3,000,781	$ 3,458,616
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 36,544	$ 56,777
Accrued expenses and other current liabilities	32,728	39,155
Due to related parties	3,180,000	3,004,090
Other related party current liabilities	47,201	56,211
Total liabilities	3,296,473	3,156,233
Shareholders' deficit		
Preferred stock, $.001 par value; 5,000,000 shares authorized	-	-
	305,458	305,458

Common stock, $.001 par value; 700,000,000 shares authorized, 305,458,333 issued and outstanding at June 30, 2012 and December 31, 2011, respectively		
Additional paid-in capital	1,115,546	975,281
Deficit accumulated	(1,716,695)	(978,356)
Total shareholders' deficit	(295,691)	302,383
Total liabilities and shareholders' deficit	$ 3,000,781	$ 3,458,616

See accompanying notes to financial statements.

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.
(Formerly Splint Decisions Inc.)
Consolidated Statements of Operations
(Unaudited)

	For the Three Months ended June 30, 2012	For the Three Months ended June 30, 2011	For the Six Months ended June 30, 2012	For the Six Months ended June 30, 2011
Net domestic revenues	$ 454,897	$ 456,618	$ 961,519	$ 457,108
Net international revenues	144,828	94,323	245,980	94,323
Total revenues	599,725	550,941	1,207,499	551,431
Cost of goods sold	13,753	17,269	27,616	17,343
Gross profit	585,972	533,672	1,179,884	534,089
Operating expenses:				
Selling	28,179	44,169	50,828	47,366
General and administrative	31,327	31,694	70,322	31,719
Salaries, wages, and related costs	285,294	254,549	605,947	254,549
Royalties	175,579	160,231	354,315	160,231
Amortization and depreciation	76,049	76,893	152,098	76,893
Consulting fees	218,621	18,708	478,761	18,708
Legal and professional fees	135,725	32,136	221,774	39,136
Total operating expenses	950,774	618,380	1,934,045	628,602
Loss from operations	(364,802)	(84,708)	(754,161)	(94,513)
Other income (expense):				
Net other income	7,100	35,652	18,832	35,652
Interest expense	(3,001)	(142)	(3,010)	(277)
Total other income (expense)	4,099	35,510	15,822	35,375
Net loss	$ (360,703)	$ (49,198)	$ (738,339)	$ (59,138)
Basic and diluted loss per common share	$ (0.0012)	$ (0.0002)	$ (0.0024)	$ (0.0004)
Weighted average shares outstanding	305,458,333	296,549,542	305,458,333	168,949,899

See accompanying notes to financial statements.

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THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.
(Formerly Splint Decisions Inc.)
Consolidated Statements of Cash Flows
(Unaudited)

	For the Six Months Ended June 30, 2012	For the Six Months Ended June 30, 2011
Cash flows from operating activities		
Net loss	$ (738,339)	$ (59,138)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Non-cash expenses:		
Amortization	150,000	75,000
Depreciation	2,098	1,893
Stock based compensation to officers	-	42,000
Stock based compensation to consultants	-	1,012,000
Compensation expense - employee stock option plan	140,265	-
Changes in operating assets and liabilities:		
(Increase) decrease in inventory	4,700	(63,305)
(Increase) decrease in accounts receivable	8,840	(20,043)
(Increase) decrease in prepaid expenses and other current assets	477,873	(1,017,678)
(Increase) decrease in other assets	(5,040)	(10,000)
Increase (decrease) in accounts payable	(20,233)	1,061
Increase (decrease) in accrued expenses and other current liabilities	(6,427)	61,444
Increase (decrease) in other related party liabilities	(13,100)	-
Net cash provided by operating activities	637	23,234
Cash flows from investing activities		
Acquisition of fixed assets	(182,763)	(8,827)
Net cash used by investing activities	(182,763)	(8,827)
Cash flows from financing activities		
Note payable to related party	180,000	-
Borrowing and other advances	-	69,562
Repayments	-	(21,750)
Net cash provided by financing activities	180,000	47,812
Increase in cash	4,061	62,219
Cash at beginning of period	87,976	2,366
Cash at end of period	$ 85,851	$ 62,219

Supplemental disclosure of non-cash investing and financing activities:		
Increase in liabilities from acquisition	$ -	$ 35,101
Increase in License agreement and due to related party	-	3,000,000
Supplemental Cash Flow Information:		
Cash paid for interest	$ 3,010	$ 181
Cash paid for income taxes	$ 800	$ -

See accompanying notes to financial statements.

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.

NOTES TO THE FINANCIAL STATEMENTS

As of and for the six months ended June 30, 2012

(Unaudited)

These unaudited Financial Statements and Notes should be read in conjunction with the audited financial statements and notes of Therapeutic Solutions International, Inc. as of and for the year ended December 31, 2011 included in its Annual Report on Form 10-K.

Note 1 Organization and Presentation Basis

The consolidated financial statements included herein have been prepared by us, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). In the opinion of the management of Therapeutic Solutions International, Inc. (the Company), these interim Financial Statements include all adjustments, consisting of normal recurring adjustments, that are considered necessary for a fair presentation of the Company s financial position as of June 30, 2012, and the results of operations and cash flows for the three and six-months ended June 30, 2012. Interim results are not necessarily indicative of results for a full year or for any future period.

The consolidated financial statements and notes included herein are presented as required by Form 10-Q, and do not contain certain information included in our audited financial statements and notes for the fiscal year ended December 31, 2011 pursuant to the rules and regulation of the SEC. For further information, refer to the financial statements and notes thereto as of and for the year ended December 31, 2011, and included in the Annual Report on Form 10-K on file with the SEC.

Therapeutic Solutions International, Inc. (the Company) was organized August 6, 2007 under the name Friendly Auto Dealers, Inc. under the laws of the State of Nevada. In the first quarter of 2011 the Company changed its name from Friendly Auto Dealers, Inc. to Therapeutic Solutions International, Inc., and acquired Splint Decisions Inc., a California corporation organized September 21, 2010 (Splint). Splint is treated as the accounting acquirer in the accompanying financial statements. In the transaction, the Company issued 250,523,333 common shares to the shareholders of Splint; such shares represented, immediately following the transaction, 85% of the outstanding shares of the Company. The transaction was accounted for as a reverse merger and a reverse recapitalization and the issuances of common stock were recorded as a reclassification between paid-in-capital and par value of Common Stock.

After June 30, 2012, on August 24, 2012, the Company entered into a Master Dispute Resolution Agreement (the MDRA) with James P. Boyd (Boyd), Boyd Research, Inc. and TMD Courses, Inc. (together with Boyd, the Boyd

Parties) and Timothy G. Dixon (Dixon) and Gerry B. Berg, and on August 24, 2012, the Company also entered into a License Agreement with Boyd Research, Inc. and TMD Courses, Inc. (the New License Agreement), an Escrow Agreement with Boyd and with Chicago Title Company as escrow agent (the Escrow Agreement), and a Voting Agreement with Boyd (the Voting Agreement).

Before the New License Agreement, the Company and certain Boyd Parties were party to an Exclusive License Agreement dated April 1, 2011, as amended on November 1, 2011 (the 2011 Agreement), and the Company s predecessor Splint Decisions Inc. and certain Boyd Parties were party to an Exclusive License Agreement dated October 22, 2010, as amended on July 8, 2011 (together with the 2011 Agreement, the Exclusive Agreements), which granted the Company an exclusive worldwide license to certain Boyd Parties patent rights and related technology. Since April 1, 2011, essentially the Company s entire active business has consisted of the manufacture and sale of Anterior Midpoint Stop Appliance intraoral devices (AMPSA Products) as authorized by the Exclusive Agreements.

The New License Agreement terminated the Exclusive Agreements. However, the New Licensee Agreement grants the Company new licenses under the applicable patent rights and related technology of the Boyd Parties to manufacture and sell the Company s existing chairside AMPSA Products (but not any such products other than the Company s currently existing ones) and laboratory-manufactured semi-custom AMPSA Products.

The New License Agreement essentially carries forward the Exclusive Agreements terms as to sales to the US market, except that under the New License Agreement the Company s rights to sell AMPSA Products to the US market will expire at the end of 2012. Specifically, for AMPSA Products sales to the US market, the New License Agreement grants the Company an exclusive license (but no license for the US dental-laboratory field), carrying a 30% royalty on net sales; but such license expires on December 31, 2012.

For sales of the existing AMPSA Products to non-US markets, the New License Agreement grants the Company an exclusive license, which converts to a non-exclusive license on January 1, 2013. Under the New License Agreement, the Company must pay a 30% royalty on 2012 net sales of the existing AMPSA Products to most non-US markets, but, under the New License Agreement, after 2012 the Company s net sales to non-US markets will be royalty-free.

The Company had been paying a 30% royalty on all net sales of the existing AMPSA Products (to both the US and non-US markets) under the Exclusive Agreements.

The Company expects that the Boyd Parties will manufacture and, beginning on January 1, 2013, sell to the US market the AMPSA Products which the Company had previously sold to the US market (and which, beginning on that date, the Company will no longer be allowed to sell to the US market) and maybe new AMPSA Products as well. The Company also expects that the Boyd Parties may compete with the Company in the manufacture and sale to some or all non-US countries, from and after January 1, 2013, of the AMPSA Products which the Company had previously sold to the US and non-US markets, and the Boyd Parties could sell new AMPSA Products there as well.

Beginning January 1, 2014, the Company will no longer be able to use the in-licensed NTI trademark for its AMPSA Products.

In the transition from the Exclusive Agreements to the New License Agreement, the Company is giving up its license rights to the Total Splint System intraoral devices (which the Company has not successfully commercialized) and to all potential chairside AMPSA Products which could have been commercialized using the Company s Exclusive Agreements rights but which the Company is not currently selling.

See Note 9 Subsequent Events, for additional information.

Note 2 Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For the Statements of Cash Flows, all highly liquid investments with maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of June 30, 2012. Other assets include restricted cash of $10,000 that is used to secure a company credit card.

Inventory

Inventory consists of finished goods, and is stated at the lower of cost or market. The Company records cost of sales using the moving average cost method. There was no excess or obsolete inventory reserve at June 30, 2012.

Depreciation and Amortization

Depreciation is calculated using the straight line method over the estimated useful lives of the assets. Amortization is computed using the straight line method over the term of the agreement.

Intangible Assets

Intangible assets consist primarily of intellectual properties such as regulatory product approvals and patents. The Company does not own any intangible assets. However, the Company entered into the Exclusive Agreements on October 22, 2010 and April 1, 2011, which gave the Company respectively (i) the exclusive worldwide license to make and sell the Total Splint System and (ii) the exclusive worldwide license to make and sell the chairside AMPSA Products, as well as (other than in the United States) dental-laboratory semi-custom AMPSA Products. The licensor under the Exclusive Agreements is Boyd Research, Inc., a related party to the Company that is solely owned by James P. Boyd, the majority shareholder of the Company. The Exclusive Agreements require a deferred $3,000,000 license inception fee, which the Company is amortizing over a ten year period using the straight line method of amortization. See Note 5 License Agreements.

Income Taxes

The Company accounts for income taxes under ASC 740 *"Income Taxes,"* which codified SFAS 109, *"Accounting for Income Taxes"* and FIN 48 *Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109.* Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

Going Concern

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. Under the New License Agreement the Company s rights to sell AMPSA Products to the US market (81% of total revenue for fiscal 2011) will expire at the end of 2012. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Share Based Expenses

ASC 718 *"Compensation - Stock Compensation,"* which codified SFAS 123, prescribes accounting and reporting standards for all stock-based payments awarded to employees, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. Such payments may be classified as either equity or liabilities. The Company should determine if a present obligation to settle the share-based payment transaction in cash or other assets exists. A present obligation to settle in cash or other assets exists if: (a) the option to settle by issuing equity instruments lacks commercial substance or (b) the present obligation is implied because of an entity's past practices or stated policies. If a present obligation exists, the transaction should be recognized as a liability; otherwise, the transaction should be recognized as equity. See Note 6 Equity Transactions.

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50 *"Equity - Based Payments to Non-Employees,"* which codified SFAS 123, and the Emerging Issues Task Force consensus in Issue No. 96-18, *"Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring or in Conjunction with Selling, Goods or Services".* Measurement of share-based payment transactions with non-employees shall be based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction should be determined at the earlier of the performance commitment date or performance completion date. See Note 6 Equity Transactions.

Recently Implemented Standards

In January 2010, the FASB issued guidance to amend the disclosure requirements related to recurring and nonrecurring fair value measurements. The guidance requires a roll forward of activities on purchases, sales, issuance, and settlements of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). The guidance was effective for the Company with the reporting period beginning January 1, 2011. The adoption of this guidance did not have a material impact on the Company s consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company s consolidated financial statements upon adoption.

Note 3 Restricted Cash

Other non-current asset is a $10,000 certificate of deposit with an annual interest rate of .6%. This certificate matures on June 17, 2013, and is used as collateral for a Company credit card, pursuant to a security agreement dated June 20, 2011.

Note 4 Equipment

The cost and accumulated depreciation of fixed assets and equipment at June 30, 2012 and December 31, 2011 are summarized below:

	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Computer Hardware	$ 7,374	$ 4,612
Office Furniture and Equipment	3,639	3,639
Production Molds	180,000	-
Shipping and Other Equipment	1,575	1,575
Total	12,588	9,826
Accumulated Depreciation	(4,285)	(2,187)
Property and Equipment, net	$ 188,303	$ 7,639

Depreciation is calculated using the straight line method over the estimated useful lives of the assets.

Note 5 License Agreements

The Exclusive Agreements granted the Company an exclusive worldwide license to make and sell under certain Boyd Parties patent rights and related technology (but excluding the United States market as to the laboratory-products semi-custom field of use), with a 30% royalty on net sales (subject to reduction under certain conditions) and a deferred $3,000,000 license inception fee. From April 1, 2011 through June 30, 2012, essentially the Company s entire active business consisted of the manufacture and sale of AMPSA Products as authorized by the Exclusive Agreements. The Exclusive Agreements licensor is wholly owned by Boyd, the Company s majority stockholder.

See Note 9 Subsequent Events, for additional information.

Note 6 Equity Transactions

Preferred Stock

The Company is authorized to issue 5,000,000 shares of $.001 par value preferred stock. The Company has not issued any preferred stock.

Common Stock

The Company is authorized to issue 700,000,000 shares of $.001 par value common stock. All shares have equal voting rights, are non-assessable, and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company.

In the first quarter of 2011 the Company issued 250,523,333 shares of common stock to James P. Boyd and Timothy G. Dixon, the shareholders of Splint Decisions Inc., to acquire Splint Decisions Inc.

Warrants

The fair value of each compensatory warrant granted is estimated on the date of grant using the Black-Scholes option valuation model that uses the assumptions noted in the following table. Expected volatilities are based on volatilities from the Company's traded common stock since June 27, 2008.

The risk-free rate for the periods within the contractual life of the compensatory warrants is based on the U.S. Treasury bond rate in effect at the time of grant for bonds with maturity dates at the estimated term of the options.

The following values were used to calculate the intrinsic values of the Company s outstanding compensatory warrants as of their issuance dates:

Expected volatility	136.53% - 217.26%
Expected dividends	0
Expected term (in years)	2 - 4
Risk-free rate	1.29% - 1.86%

A summary of the compensatory warrants outstanding at June 30, 2012 and changes during the period then ended is presented below:

Warrants	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Exercisable at December 31, 2011	450,000	$0.78	1.26	$34,653
Granted	0			
Exercised	0			
Canceled	0			
Exercisable at June 30, 2012	450,000	$0.78	0.76	$34,653

See Note 9 Subsequent Events, for additional information.

Stock Based Compensation

On August 31, 2011, the Company issued options to purchase an aggregate of 7,950,000 shares of the Company s common stock with an estimated fair value of $636,000 to its officers and employees. The options have an exercise price of $0.08 per share. As of June 30, 2012, 2,428,000 options have vested and no options were exercised. Subject to continuation of service, the remaining option shares vest monthly over the next 26 months; and the options expire ten years from the date of grant unless earlier terminated. Compensation cost, using the graded vesting attribute method in accordance with ASC 718, is recognized over the requisite service period during which each tranche of shares is earned (36 months). The value of each tranche is amortized on a sum of the years digits basis; $60,938 was expensed for the three-months ended June 30, 2012 and $140,265 for the six-months ended June 30, 2012.

The fair value of these options was estimated at the date of grant using the Black-Scholes option-pricing model with dividend yield of 0%; expected volatility of 191%; risk-free interest rate of 2.23%; contractual life of ten years; and an exercise price ($0.08) equal to 100% of the grant-date common stock fair market value. Expected volatility is calculated based on the stock market closing prices for the 406 trading days preceding the grant date.

The expected term of options granted is estimated at half of the contractual term as noted in the individual option agreements and represents the period of time that options granted are expected to be outstanding.

The following table summarizes information regarding stock options outstanding as of June 30, 2012:

	Options Outstanding			Options Exercisable		
Exercise prices	Number Outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
$ 0.08	6,900,000	9.17	$ 0.08	2,428,000	9.17	$ 0.08

A summary of the stock options available under the 2009 Stock Incentive Plan at June 30, 2012 and changes during the period then ended is presented below:

Available at December 31, 2011	10,000,000
Option shares granted before December 31, 2011	(7,950,000)
Granted	-

Exercised	-
Canceled	1,050,000
Available at June 30, 2012	3,100,000

Note 7 Related Party Transactions

At June 30, 2012, under the 2011 Agreement, the Company was obligated for a license inception fee to a related party in the amount of $3,000,000. This inception fee is being amortized over a ten-year period using the straight line method of amortization. The unamortized balance at June 30, 2012 was $2,625,000. See Note 9 Subsequent Events, for additional information.

Under the 2011 Agreement, the Company incurred royalty expenses of $175,579 payable to a related party for the three-months ended June 30, 2012. The royalty accrued but unpaid at June 30, 2012 was $47,201. See Note 9 Subsequent Events, for additional information.

On April 26, 2012, the Company acquired certain production molds from a related party in exchange for a $180,000 promissory note. The note bears 10% interest per annum and the maturity date of the note is April 26, 2014. See Note 9 Subsequent Events, for additional information.

Note 8 Geographic Information

The following table provides information related to the Company s revenues for the three and six-months ended June 30, 2012 and June 30, 2011.

Net Revenues	Three Months June 30, 2012	Three Months June 30, 2011	Six Months June 30, 2012	Six Months June 30, 2011
Net domestic revenues	$ 454,897	$ 456,618	$ 941,519	$ 457,108
Net international revenues	144,828	94,323	245,980	94,323
Total	$ 599,725	$ 550,941	$ 1,207,499	$ 551,431

Note 9 Subsequent Events

On August 24, 2012, the Company entered into the MDRA, the New License Agreement, the Escrow Agreement and the Voting Agreement.

Under the MDRA, Boyd agreed to surrender 223,991,933 shares of Company common stock and resigned as a director of the Company. The MDRA also provided that Boyd s employment with the Company shall continue throughout 2012, with his salary rate reduced to $100,000 per annum as of the date of the MDRA. Also, the Boyd Parties agreed never to directly and/or indirectly sell into the public market, in any rolling 90-day period, more than 1% of the Company s then-outstanding common stock; and they agreed to a 10-year standstill prohibiting them from further acquisitions of Company stock and from seeking or assisting to acquire or gain control of the Company. And, the Boyd Parties agreed not to, except in conjunction with other stockholders (unaffiliated with them) holding at least 1,000,000 shares of Company common stock, exercise any stockholder rights other than the right to vote.

Before the New License Agreement, the Company and certain Boyd Parties were party to the Exclusive Agreements. Since April 1, 2011, essentially the Company s entire active business has consisted of the manufacture and sale of AMPSA Products as authorized by the Exclusive Agreements.

The Exclusive Agreements provided for a $3,000,000 inception fee to be paid by the Company to Boyd Research, Inc. The Company did not pay the inception fee and did not have the funds to do so. The Boyd Parties threatened to sue the Company for payment of the inception fee and/or seek to terminate the Exclusive Agreements and seek an injunction against the Company to prevent further sales of products licensed by Boyd Research, Inc., all on the ground that the inception fee had not been paid. The Company believes it had valid defenses but determined that it was in the Company s best interest to, instead of putting the Company s defenses to the test, enter into the MDRA and the New License Agreement.

The New License Agreement terminated the Exclusive Agreements. However, the New Licensee Agreement grants the Company new licenses under the applicable patent rights and related technology of the Boyd Parties to manufacture and sell the Company s existing chairside AMPSA Products (but not any such products other than the Company s currently existing ones) and laboratory-manufactured semi-custom AMPSA Products.

The New License Agreement essentially carries forward the Exclusive Agreements terms as to sales to the US market, except that under the New License Agreement the Company s rights to sell AMPSA Products to the US market will expire at the end of 2012. Specifically, for AMPSA Products sales to the US market, the New License Agreement grants the Company an exclusive license (but no license for the US dental-laboratory semi-custom AMPSA Products field), carrying a 30% royalty on net sales; but such license expires on December 31, 2012.

For sales of the existing AMPSA Products to non-US markets, the New License Agreement grants the Company an exclusive license, which converts to a non-exclusive license on January 1, 2013. Under the New License Agreement, the Company must pay a 30% royalty on 2012 net sales of the existing AMPSA Products to most non-US markets, but, under the New License Agreement, after 2012 the Company s net sales to non-US markets will be royalty-free.

The Company has been paying a 30% royalty on all net sales of the existing AMPSA Products (to both the US and non-US markets) under the Exclusive Agreements.

The Company expects that the Boyd Parties will manufacture and, beginning on January 1, 2013, sell to the US market the AMPSA Products which the Company had previously sold to the US market (and which, beginning on that date, the Company will no longer be allowed to sell to the US market) and maybe new AMPSA Products as well. The Company also expects that the Boyd Parties may compete with the Company in the manufacture and sale to some or all non-US countries, from and after January 1, 2013, of the AMPSA Products which the Company had previously sold to the US and non-US markets, and the Boyd Parties could sell new AMPSA Products there as well.

In the transition from the Exclusive Agreements to the New License Agreement, the Company is giving up its license rights to the Total Splint System intraoral devices (which the Company has not successfully commercialized) and to all potential chairside AMPSA Products which could have been commercialized using the Company s Exclusive Agreements rights but which the Company is not currently selling.

The MDRA and New License Agreement contain various provisions pertaining to the transition of US market sales of the existing chairside AMPSA Products from the Company to a Boyd Party on January 1, 2013, joint access to chairside AMPSA Products production molds, website and toll-free telephone number transition, regulatory matters, etc. The Company will provide a limited supply of the existing chairside AMPSA Products to the Boyd Parties so they can begin selling and shipping without interruption effective January 1, 2013.

Under the MDRA, the Company s April 26, 2012 purchase of certain production molds from a Boyd Party for a $180,000 promissory note was rescinded. Under the MDRA, the Company is entitled to continue to use those molds to manufacture AMPSA Products.

In addition, the Company agreed under the MDRA to make deferred payments totaling $140,000 to the Boyd Parties. The Company agreed to pay $10,000 per month for five months beginning September 1, 2012, and $5,000 per month for 18 months beginning July 1, 2013. These obligations do not bear interest and are unsecured. As of November 1, 2012 the Company has made $30,000 of such payments.

And, as part of the MDRA, Dixon dismissed litigation he brought against Boyd pertaining to TMD Courses, Inc., Dixon transferred his shares of TMD Courses, Inc. to Boyd (making Boyd the sole stockholder of TMD Courses, Inc.), and Boyd transferred 5,000,000 shares of Company common stock to Dixon.

All parties to the MDRA granted general releases to each other.

Boyd has placed the 223,991,933 shares of Company common stock, referred to above, in escrow pursuant to the Escrow Agreement, to be released to the Company for cancellation when the Company finishes making timely estimated minimum royalties and other payments, all totaling $351,000, into the escrow for the benefit of Boyd, which the Company expects to finish doing no later than January 2013. $301,000 of the $351,000 consists of estimated minimum royalty payments which roughly correspond to the anticipated amount of the 30% royalty on AMPSA Products net sales which the Company would owe anyway for the remainder of 2012, and the other $50,000 is a portion of the $140,000 of deferred payments referred to above. As of November 1, 2012 the Company has made $177,000 of the required $351,000 payments.

Boyd agreed, in the Voting Agreement and in a related irrevocable proxy, to vote the escrowed 223,991,933 shares in favor of any Company-proposed authorized shares change and to abstain on all other stockholder-vote matters for the duration of the escrow.

As a result of the MDRA, Boyd s beneficial ownership percentage of Company common stock will decrease from 78% to 11%, and Dixon s beneficial ownership percentage of Company common stock will increase from 5.5% to 26.5%. Also, all of the Company s other stockholders beneficial ownership percentage of common stock will increase substantially as a result of the MDRA because the Company s outstanding common shares will be reduced from 305,458,333 to 81,466,400. (The figures in this paragraph give immediate effect to Boyd s surrender of 223,991,933 shares of Company common stock, which in fact will not occur until the Company makes estimated minimum royalties and other payments, all totaling $351,000, to the Escrow Agreement escrow for the benefit of Boyd, which the Company expects to finish doing no later than January 2013; and such figures also give effect to the other transactions contemplated by the MDRA.) This increase in Dixon s beneficial ownership, viewed together with his Board of Directors seat and his positions as the Company s Chairman and President, may be considered to constitute a change in control of the Company, in favor of Dixon.

This summary of the material terms of the MDRA, the New License Agreement, the Escrow Agreement, the Voting Agreement and the Exclusive Agreements does not purport to be exhaustive, and is qualified in its entirety by reference to the complete text of these agreements as filed by the Company with the Securities and Exchange Commission on August 30, 2012.

Also, on August 24, 2012, Gerry B. Berg was elected as a director of the Company. Mr. Berg also serves as the Company s Chief Financial Officer. As noted above, James P. Boyd resigned as a director of the Company on August 24, 2012 in connection with the MDRA.

Future Development of the Company s Business.

Sales of chairside AMPSA Products to the US market have constituted over 80% of the Company s AMPSA Products business to date. The Company s challenge will be to counter the loss of the Company s AMPSA Products sales to the US market and the loss of the ability to introduce new chairside products based on Boyd Party technology, by increasing sales of the Company s AMPSA Products to non-US markets and/or by successfully introducing into the US and non-US markets new products which do not require licenses from the Boyd Parties. On the other hand, the Company s business in 2013 and thereafter will be free of Boyd Parties royalty obligations and will not be subject to any Boyd Parties inception fee, and the Company also believes that not having a majority shareholder should increase the financing and acquisition opportunities available to the Company.

Warrant issuance

The Company entered into an Investor Relations Consulting Agreement dated November 5, 2012 with Constellation Asset Advisors, Inc. (CAA). CAA agreed to provide investor relations consulting services over a period of six months (through May 4, 2013), and in exchange the Company issued to CAA a warrant to purchase 2,000,000 shares of Company common stock at an exercise price of $0.05 per share cash, expiring November 5, 2013.

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

The following discussion and analysis contains forward-looking statements within the meaning of the federal securities laws. The safe harbor provided in section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934 ("statutory safe harbors") shall apply to forward-looking information provided pursuant to the statements made in this filing by the Company. We urge you to carefully review our description and examples of forward-looking statements included in the section entitled Cautionary Note Regarding Forward-Looking Statements at the beginning of this report. Forward-looking statements speak only as of the date of this report and we undertake no obligation to publicly update any forward-looking statements to reflect new information, events or circumstances after the date of this report. Actual events or results may differ materially from such statements. In evaluating such statements, we urge you to specifically consider various factors identified in this report, any of which could cause actual results to differ materially from those indicated by such forward-looking statements. The following discussion and analysis should be read in conjunction with the accompanying financial statements and related notes, as well as the Financial Statements and related notes in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and the risk factors discussed therein.

General

This Quarterly Report on Form 10-Q, and the financial statements included herein, reflect the treatment of Splint Decisions Inc. as the accounting acquirer in the first quarter 2011 transaction involving the two companies. Our principal executive office is located at 4093 Oceanside Blvd., Suite B, Oceanside, California 92056, our telephone number is (760) 295-7208 and our website is www.therapeuticsolutionsint.com. The reference to our website does not constitute incorporation by reference of the information contained on our website.

We file our quarterly and annual reports with the Securities and Exchange Commission (SEC), which the public may view and copy at the SEC s Public Reference Room at 100 F Street, N.E. Washington D.C. 20549, on official business days during the hours of 10 a.m. to 3 p.m. The public may obtain information on the operation of the SEC s Public Reference Room by calling the SEC at 1 800 SEC 0330. The SEC also maintains an Internet site, the address of which is www.sec.gov, which contains reports, proxy and information statements, and other information regarding issuers which file electronically with the SEC. The periodic and current reports that we file with the SEC can also be obtained from us free of charge by directing a request to Therapeutic Solutions International, Inc., 4093 Oceanside Blvd, Suite B, Oceanside, California 92056, Attn: Corporate Secretary.

General / 2012 Change in Key Business Rights and Obligations/ Trends and Uncertainties

We were organized on August 6, 2007 under the name Friendly Auto Dealers, Inc. Our initial business strategies included developing and brokering the design, manufacturing and sale of promotional and corporate branded products

for sale first to the Chinese automobile industry then internationally. We took steps from 2008 through 2009 to implement our strategies by hiring a Pacific Rim business consultant and, along with management, traveling to the People s Republic of China and meeting with automobile industry representatives in order to establish relationships from which our business strategies could begin. These efforts proved unsuccessful. We also suffered from an inability to raise capital from which we could launch our business strategies. These factors, in combination with the worldwide economic downturn that began in 2009, led us to begin to explore other business models and strategies.

In the first quarter of 2011 we acquired Splint Decisions Inc., a California corporation organized on September 21, 2011 to engage in the intraoral products business.

On April 1, 2011, we entered into an Exclusive License Agreement (as amended on November 1, 2011, the 2011 Agreement) with Boyd Research, Inc. (Boyd Research); and our predecessor, Splint Decisions Inc., and Boyd Research and TMD Courses, Inc. (TMD and together with Boyd and Boyd Research, the Boyd Parties), were party to an Exclusive License Agreement dated October 22, 2010, as amended on July 8, 2011 (together with the 2011 Agreement, the Exclusive Agreements). The Exclusive Agreements provided us with, among other things, an exclusive worldwide license for all legal right, title and interest to certain technology including patents, patent applications, know-how and inventions concerning Anterior Midpoint Stop Appliances (AMPSA Products), including all know-how, technical data, or other information of any kind regarding the design, manufacture, operation, use, or sale of the AMPSA Products for use in any field incorporating or based on United States Patent No. 6,666,212, foreign counterparts of this patent, or of the applications leading to such patents, and any other patents owned or controlled by Boyd Research or based on any products sold by Boyd Research, and any modification or improvements thereto made by us or Boyd Research. The only exception to such worldwide exclusivity is that Keller Laboratories, Inc. has the exclusive right to manufacture and distribute laboratory fabricated semi-custom versions of the AMPSA Products in the United States. Since entering into the Exclusive Agreements, essentially our entire active business has consisted of the manufacture and sale of AMPSA Products.

On August 24, 2012, we entered into a Master Dispute Resolution Agreement (the MDRA) with James P. Boyd (Boyd), Boyd Research, TMD, Timothy G. Dixon (Dixon) and Gerry B. Berg (Berg), and on August 24, 2012 we also entered into a License Agreement with Boyd Research and TMD (the New License Agreement), an Escrow Agreement with Boyd and with Chicago Title Company as escrow agent (the Escrow Agreement), and a Voting Agreement with Boyd (the Voting Agreement).

Under the MDRA, Boyd agreed to surrender 223,991,933 shares of our common stock and resigned as a director of the Company. The MDRA also provided that Boyd s employment with us shall continue throughout 2012, with his salary rate reduced to $100,000 per annum as of the date of the MDRA. Also, the Boyd Parties agreed never to directly and/or indirectly sell into the public market, in any rolling 90-day period, more than 1% of our then-outstanding common stock; and they agreed to a 10-year standstill prohibiting them from further acquisitions of our stock and from seeking or assisting to acquire or gain control of us. Further, the Boyd Parties agreed not to, except in conjunction with other stockholders (unaffiliated with them) holding at least 1,000,000 shares of our common stock, exercise any stockholder rights other than the right to vote.

Before the New License Agreement, we and certain Boyd Parties were party to the Exclusive Agreements, which granted us an exclusive worldwide license to certain Boyd Parties patent rights and related technology (but no license for the US dental-laboratory field).

The Exclusive Agreements provided for a $3,000,000 inception fee to be paid by us to Boyd Research. We did not pay the inception fee and did not have the funds to do so. The Boyd Parties threatened to sue us for payment of the inception fee and/or seek to terminate the Exclusive Agreements and seek an injunction against us to prevent further sales of products licensed by Boyd Research, all on the ground that the inception fee had not been paid. We believed that we had valid defenses but determined that it was in our best interest to, instead of putting our defenses to the test, enter into the MDRA and the New License Agreement.

The New License Agreement terminated the Exclusive Agreements. However, the New Licensee Agreement grants us new licenses under the applicable patent rights and related technology of the Boyd Parties to manufacture and sell our existing chairside AMPSA Products (but not any such products other than our currently existing ones) and laboratory-manufactured semi-custom AMPSA Products.

The New License Agreement essentially carries forward the Exclusive Agreements terms as to sales to the US market, except that under the New License Agreement our rights to sell AMPSA Products to the US market will expire at the end of 2012. Specifically, for AMPSA Products sales to the US market, the New License Agreement grants us an exclusive license (but no license for the US dental-laboratory field), carrying a 30% royalty on net sales; but such license expires on December 31, 2012.

For sales of the existing AMPSA Products to non-US markets, the New License Agreement grants us an exclusive license, which converts to a non-exclusive license on January 1, 2013. Under the New License Agreement, we must pay a 30% royalty on 2012 net sales of the existing AMPSA Products to most non-US markets, but, under the New License Agreement, after 2012 our net sales to non-US markets will be royalty-free.

We had been paying a 30% royalty on all net sales of the existing AMPSA Products (to both the US and non-US markets) under the Exclusive Agreements.

We expect that the Boyd Parties will manufacture and, beginning on January 1, 2013, sell to the US market the AMPSA Products which we had previously sold to the US market (and which, beginning on that date, we will no longer be allowed to sell to the US market) and maybe new AMPSA Products as well. We also expect that the Boyd Parties may compete with us in the manufacture and sale to some or all non-US countries, from and after January 1, 2013, of the AMPSA Products which we had previously sold to the US and non-US markets, and the Boyd Parties could sell new AMPSA Products there as well.

In the transition from the Exclusive Agreements to the New License Agreement, we are giving up our license rights to the Total Splint System intraoral devices (which we have not successfully commercialized) and to all potential AMPSA Products which could have been commercialized using our Exclusive Agreements rights but which we are not currently selling.

Sales of chairside AMPSA Products to the US market have constituted over 80% of our business to date. Our challenge will be to counter the loss of our AMPSA Products sales to the US market and the loss of the ability to introduce new products based on Boyd Party technology, by increasing sales of our existing AMPSA Products to non-US markets and/or by successfully introducing into the US and non-US markets new products which do not require licenses from the Boyd Parties. On the other hand, our business in 2013 and thereafter will be free of Boyd Parties royalty obligations and will not be subject to any Boyd Parties inception fee.

The MDRA and New License Agreement contain various provisions pertaining to the transition of US market sales of the existing AMPSA Products from us to a Boyd Party on January 1, 2013, joint access to AMPSA Products production molds, website and toll-free telephone number transition, regulatory matters, etc. We will provide a limited supply of the existing AMPSA Products to the Boyd Parties so they can begin selling and shipping without interruption effective January 1, 2013.

Under the MDRA, our April 26, 2012 purchase of certain production molds from TMD for a $180,000 promissory note was rescinded. However, the MDRA entitles us to continue to use those molds to manufacture AMPSA Products.

In addition, we agreed under the MDRA to make deferred payments totaling $140,000 to the Boyd Parties. We agreed to pay $10,000 per month for five months beginning September 1, 2012, and $5,000 per month for 18 months beginning July 1, 2013. These obligations do not bear interest and are unsecured.

Also, as part of the MDRA, Dixon dismissed litigation he brought against Boyd pertaining to TMD, Dixon transferred his shares of TMD to Boyd (making Boyd the sole stockholder of TMD), and Boyd transferred 5,000,000 shares of our common stock to Dixon.

All parties to the MDRA granted general releases to each other.

Boyd has placed the 223,991,933 shares of Company common stock in escrow pursuant to the Escrow Agreement, to be released to us for cancellation when we finish making timely estimated minimum royalties and other payments, all totaling $351,000, into the escrow for the benefit of Boyd, which we expect to finish doing no later than January 2013. $301,000 of the $351,000 consists of estimated minimum royalties payments which roughly correspond to the anticipated amount of the 30% royalty on AMPSA Products net sales which we would owe anyway for the remainder of 2012, and the other $50,000 is a portion of the $140,000 of deferred payments referred to above.

Boyd agreed, in the Voting Agreement and in a related irrevocable proxy, to vote the escrowed 223,991,933 shares in favor of any Company-proposed authorized shares increase and to abstain on all other stockholder-vote matters for the duration of the escrow.

As a result of the MDRA, Boyd s beneficial ownership percentage of our common stock will decrease from 78% to 11%, and Dixon s beneficial ownership percentage of our common stock will increase from 5.5% to 26.5%. Also, all of our other stockholders beneficial ownership percentage of common stock will increase substantially as a result of the MDRA because our outstanding common shares will be reduced from 305,458,333 to 81,466,400. (The figures in this paragraph give immediate effect to Boyd s surrender of 223,991,933 shares of Company common stock, which in fact will not occur until we make estimated minimum royalties and other payments, all totaling $351,000, to the

Escrow Agreement escrow for the benefit of Boyd, which we expect to finish doing no later than January 2013; and such figures also give effect to the other transactions contemplated by the MDRA.) This increase in Dixon s beneficial ownership, viewed together with his Board of Directors seat and his positions as our Chairman and President, may be considered to constitute a change in control of us, in favor of Dixon.

This summary of the material terms of the MDRA, the New License Agreement, the Escrow Agreement, the Voting Agreement and the Exclusive Agreements does not purport to be exhaustive, and is qualified in its entirety by reference to the complete text of these agreements as filed by us with the SEC.

Boyd resigned as a director of the Company on August 24, 2012 in connection with the MDRA; and on the same date Berg was elected as a director of the Company. Berg also serves as our Chief Financial Officer.

Results of Operations

You should read the following discussion of our financial condition and results of operations together with the unaudited financial statements and the notes to the unaudited financial statements included in this quarterly report. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those anticipated in these forward-looking statements.

For the three and six months ended June 30, 2012 and June 30, 2011

Net revenues for the three-month periods ended June 30, 2012 and 2011were $599,725 and $550,941. The increase of approximately $50,000 for the three-months ended June 30, 2012 was mainly due to the increase of international revenues. We derived 24% of our revenue from international sales in the 2012 three-month period versus 17% in the 2011 period. Net revenues for the six-month periods ended June 30, 2012 and 2011 were $1,207,499 and $551,431, respectively. We derived 20% of our revenue from international sales in the 2012 six-month period versus 17% in the 2011 period. International revenues derive mostly from distributors orders and therefore tend to be lumpy and can vary from quarter to quarter due to timing differences. We had no active business in the 2011 first quarter. Revenues for the three and six-months ended June 30, 2012 and for the three-months ended June 30, 2011 related primarily to AMPSA Products.

Operating expenses for the three-months ended June 30, 2012 and June 30, 2011 were approximately the same except for consulting fees and legal and professional fees, as slight increases in salaries /wages/ related costs and royalties offset a slight decrease in selling expenses. Consulting fees in the 2012 second quarter represented approximately $0.2 million of expense as we recognized a pro rata portion of the $1.0 million of common stock we issued to our investor relations consultant in June 2011 as compensation under a 12-month consulting agreement. The entire $1.0 million was completely recognized as expense by mid-June 2012. Legal and professional fees increased approximately $0.1 million in the 2012 three-month period versus the 2011 three-month period. This increase was primarily due to negotiations during the quarter which ultimately resulted in the MDRA and the New License Agreement.

Total operating expenses for the six-months ended June 30, 2012 and June 30, 2011 were $1,934,045 and $628,602, an increase of approximately $1.3 million in the 2012 period. We did not have any active business for the three-months ended March 31, 2011. As a result, many of our revenues and expense items for the first half of 2012 were approximately double those for the first half of 2011. However, consulting fees increased by approximately $0.46 million, representing recognition of the pro rata portion of the $1.0 million of common stock we issued to our investor relations consultant in June 2011; and legal and professional fees increased approximately $0.18 million, with the increase being due to negotiations during the 2012 six-month period which ultimately resulted in the MDRA and the New License Agreement. Cash constraints and uncertainty about our future business led us to keep our marketing expenditures low during the first half of 2012. In addition, these uncertainties rendered us unable to gain advantage during the 2012 six-month period from the investor relations consulting services.

We paid approximately $175,000 of royalties to Boyd Research, a related party, for the three-months ended June 30, 2012 and approximately $354,000 of royalties to Boyd Research for the six-months ended June 30, 2012, under the Exclusive Agreements authorizing us to sell AMPSA Products. We also paid approximately $34,000 and $70,000 for the three and six-months ended June 30, 2012 for James P. Boyd s salary and related benefits compared to $35,000 and $35,000 for the three and six-months ended June 30, 2011.

The $3.0 million note payable to related parties shown on our balance sheet represents the license inception fee called for by the 2011 Agreement. There is a corresponding asset (net of amortization) on the balance sheet as well. As noted above, the 2011 Agreement was terminated in August 2012. Although we have had a high gross profit margin on our AMPSA Products revenues since April 1, 2011, our net revenues have not provided enough economies of scale to put us in a position to pay the license inception fee.

As noted above, the nature and conditions of our business will change substantially on January 1, 2013, due to contract changes.

Our net loss for the three-months ended June 30, 2012 was $360,703 as compared to $49,198 for the three-month period ended June 30, 2011, and our net loss for the six-months ended June 30, 2012 was $738,339 as compared to $59,138 for the six-month period ended June 30, 2011.

Liquidity and Capital Resources

We did not begin commercial operations until April 1, 2011. Net cash provided by operating activities totaled $637 for the six-months ended June 30, 2012, despite our six-month loss of $738,339, primarily due to non-cash items totaling approximately $0.77 million which included approximately a $0.48 million reduction of prepaid expenses for stock issued in June 2011 to Constellation Asset Advisors, Inc., an investor relations consulting firm, the expense of which is amortized over the 12 month term of the consulting agreement; $0.14 million for stock options vesting, and $0.15 million for amortization of the 2011 Agreement s license inception fee.

We had no material commitments for capital expenditures at June 30, 2012. During the second quarter of 2012 we acquired from TMD, a related party, in exchange for a $0.18 million promissory note, certain production molds in order to ensure our ability to continue to use them in the future to manufacture our AMPSA Products. After June 30, 2012, the MDRA rescinded this purchase transaction, but instead provided us with a contractual right to continue to access the molds to manufacture our AMPSA Products.

As of June 30, 2012, we had approximately $86,000 of cash. We had no cash equivalents at the end of the quarter. Based upon our current plans, we believe that our existing capital resources will be sufficient to meet our operating expenses into early 2013. However, changes in our product development or marketing plans or other events affecting our operating expenses may result in the expenditure of such cash before that time.

In view of the MDRA and the New License Agreement, we believe we will need outside financing to execute our business plan in 2013 and beyond. There is no guarantee we will receive the required financing to complete our business strategies, and it is uncertain whether future financing will be available to us on acceptable terms. If financing is not available on satisfactory terms, we may be unable to continue, develop or expand our operations. Our auditor has stated in their opinion on our 2011 annual financial statements that there is substantial doubt about our ability to continue as a going concern.

Off Balance Sheet Arrangements

We currently do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

No disclosure required.

Item 4. Controls and Procedures

A. Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, or Exchange Act, our principal executive officer and principal financial officer evaluated our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of June 30, 2012. Based on this evaluation, these officers concluded that as of the end of the period covered by this Quarterly Report on Form 10-Q, these disclosure controls and procedures were adequate to ensure that the information required to be disclosed by the Company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and include controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

B. Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our fiscal quarter ended June 30, 2012 that materially affected, or are reasonable likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

As previously noted, the 2011 Agreement provided for a $3,000,000 license inception fee to be paid by us to Boyd Research. We did not pay the inception fee and did not have the funds to do so. The Boyd Parties threatened to sue us for payment of the inception fee and/or seek to terminate the Exclusive Agreements and seek an injunction against us to prevent further sales of products licensed by Boyd Research, all on the ground that the inception fee had not been paid. We resolved this dispute (and other matters) by entering into the MDRA, the New License Agreement, the Escrow Agreement and the Voting Agreement on August 24, 2012.

Item 1A. Risk Factors

No disclosure required.

Item 2. Unregistered Sales of Equity Securities

No disclosure required.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT NUMBER	DESCRIPTION
3.1	Articles of Incorporation (incorporated herein by reference to Form 10-K filed October 31, 2012)
3.1.1	Articles of Merger, filed February 22, 2011 (incorporated herein by reference to Form 10-K filed October 31, 2012)
3.1.2	Certificate of Amendment to Articles of Incorporation filed October 15, 2012 (incorporated herein by reference to Form 8-K filed October 17, 2012)
3.2	Bylaws (incorporated herein by reference to Form SB-2 filed November 21, 2007)
3.2.1	Bylaws amendments adopted August 22, 2012, August 24, 2012 and September 26, 2012 (incorporated herein by reference to Form 10-K filed October 31, 2012)
31.1	Rule 13a-14(a)/Section 302 Certification of Principal Executive Officer
31.2	Rule 13a-14(a)/Section 302 Certification of Principal Financial Officer
32.1	Certification pursuant to 18 U.S.C. Section 1350/Rule 13a-14(b)

SIGNATURES

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

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.

Date: November 21, 2012 By: /s/ *Timothy G. Dixon*
Timothy G. Dixon
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 21 , 2012 By: /s/ *Gerry B. Berg*
Gerry B. Berg
Chief Financial Officer
(Principal Financial Officer)