UNION DENTAL HOLDINGS, INC.
Form 10-Q
August 14, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2008

OR

[_] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ____________________ TO _____________________________

COMMISSION FILE NUMBER: 000-26703

Union Dental Holdings, Inc.
(Name of registrant as specified in its charter)

FLORIDA	65-0710392
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1700 University Drive, Suite 200 Coral Springs, Florida	33071
(Address of principal executive offices)	(Zip Code)

(954) 575-2252
(Registrant's telephone number, including area code)

N/A
(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 [X] No [_]

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

Large accelerated filer	[_]	Accelerated filer	[_]
Non-accelerated filer (Do not check if smaller reporting company)	[_]	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]

Indicated the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, 112,572,510 shares of common stock are issued and outstanding as of August 1, 2008.

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PART II - OTHER INFORMATION

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008 contains "forward-looking statements". Generally, the words "believes", "anticipates," "may," "will," "should," "expect," "intend," "estimate," "continue," and similar expressions or the negative thereof or comparable terminology are intended to identify forward-looking statements which include, but are not limited to, statements concerning the Company's expectations regarding its working capital requirements, financing requirements, business prospects, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. Such statements are subject to certain risks and uncertainties, including the matters set forth in this Quarterly Report or other reports or documents the Company files with the Securities and Exchange Commission from time to time, which could cause actual results or outcomes to differ materially from those projected. Undue reliance should not be placed on these forward-looking statements which speak only as of the date hereof. The Company undertakes no obligation to update these forward-looking statements. In addition, the forward-looking statements in this Quarterly Report on Form 10-Q involve known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to differ materially from those expressed in or implied by the forward-looking statements contained herein.

OTHER PERTINENT INFORMATION

When used in this report, the terms "Union Dental," the "Company," " we," "our," and "us" refers to Union Dental Holdings, Inc., a Florida corporation.

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements.

UNION DENTAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	June 30, 200 (Unaudited)
ASSETS	
CURRENT ASSETS:	

Cash	$	5
Accounts receivable, net		298
Inventory of supplies		37
Prepaid expenses and other current assets		1
Total current assets		343
Property and equipment, net		208
Other assets		
Total Assets	$	552
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Convertible notes payable	$	544
Convertible debenture payable		226
Notes payable		693
Loan payable - related party		267
Line of credit		50
Accounts payable		87
Accrued expenses		170
Unearned membership fees		154
Derivative liability		874
Total current liabilities		3,068
Commitments and contingencies		
SHAREHOLDERS' DEFICIT:		
Preferred stock ($.0001 Par value; 25,000,000 shares authorized; 3,000,000 shares issued and outstanding)		
Common stock ($.0001 Par value; 300,000,000 share authorized; 112,572,510 shares and 103,078,014 issued and outstanding at June 30, 2008 and December 31, 2007, respectively)		11,
Additional paid-in capital		3,851,
Accumulated deficit		(4,890,
Shareholder transactions		(1,489,
Total shareholders' deficit		(2,516,
Total liabilities and shareholders' deficit	$	552,

See accompanying notes to unaudited consolidated financial statements.

UNION DENTAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three Months Ended
June 30,

	2008	2007
	(Unaudited)	(Unaudited)
Revenues, net	$ 740,443	556,739 $
Other revenue	-	190,000
Total Revenues	740,443	746,739
Operating expenses:		
Cost of services performed	108,504	69,472
Salaries and related taxes and stock-based compensation	330,896	385,006
Depreciation and amortization	17,216	16,837
Professional fees	19,032	36,566
Consulting fees	7,950	94,375
Other general and administrative	136,351	262,053
Total operating expenses	619,949	864,309
Income (loss) from operations	120,494	(117,570)
Other income (expense):		
Amortization of debt issuance costs	-	-
Gain (loss) from valuation of derivatives liability	(280,895)	(116,288)
Interest income	32	34
Interest expense	(23,727)	(32,374)
Total other expense	(304,590)	(148,628)
Loss before provision for income taxes	(184,096)	(266,198)
Income tax expense	-	-
Net loss	$ (184,096)	(266,198)$
Net loss per common share:		
Net loss per common share - basic	$ -	- $
Net loss per common share - diluted	$ -	- $
Weighted average common shares outstanding - basic	110,779,103	63,375,969
Weighted average common shares outstanding - diluted	110,779,103	63,375,969

See accompanying notes to unaudited consolidated financial statements.

UNION DENTAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months End June 30,	
	2008	20
	(Unaudited)	(Un
Cash Flows From Operating Activities:		
Net loss	$ (172,487)	$
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	34,431	
Stock-based compensation and consulting	-	
Amortization of debt issuance costs	-	
Amortization of discount of debenture and note payable	-	
Gain (loss) from valuation of derivatives	305,288	
Changes in assets and liabilities:		
Accounts receivable	28,170	
Prepaid expenses and other current assets	25,891	
Accounts payable	16,990	
Accrued expenses	40,422	
Accrued interest included in note payable	-	
Due to related parties	-	
Unearned membership fees	(178,792)	
Net cash provided by (used in) operating activities	101,593	
Cash Flows From Investing Activities:		
Purchase of property and equipment	(79,059)	
Net cash used in investing activities	(79,059)	
Cash Flows From Financing Activities:		
Net proceeds from sales of common stock	-	
Proceeds from note payable	-	
Proceeds from loan payable - related party	(1,088)	
Line of credit	113,681	
Payments on loans payable - related party	-	
Payments on notes payable	(143,008)	
Net cash used in financing activities	(30,415)	
Net increase (decrease) in cash	(7,881)	
Cash - beginning of year	13,486	
Cash - end of period	$ 5,605	$
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	$ 39,605	$
Cash payments for income taxes	$ -	$
Non-cash investing and financing activities:		

Issuance of common stock for debt and accrued interest	$ 42,046	$
Reclassification of derivative liability to equity	$ 44,996	$
Common stock issued in connection with accrued services	$ 4,284	$

See accompanying notes to unaudited consolidated financial statements.

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UNION DENTAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Union Dental Holdings, Inc., (f/k/a National Business Holdings, Inc.), (the "Company") is a Florida corporation which conducts business from its headquarters in Ft. Lauderdale, Florida. The Company was incorporated on November 26, 1996. On December 27, 2004, the Company entered into a Share Exchange and Reorganization Agreement ("Reorganization") with both Union Dental Corp. ("UDC"), a Florida corporation and Direct Dental Services, Inc. ("DDS"), a Florida corporation, whereby UDC and DDS became wholly-owned subsidiaries of the Company in exchange for an aggregate of 17,500,000 shares of its common stock and 1,000,000 shares of its preferred stock issued to Dr. George Green with each share of preferred stock providing voting rights equal to 15 shares of the Company's common stock. In addition, the Company agreed to recognize the 3,452,250 issued and outstanding options to purchase UDC common stock as options to purchase the Company's common stock. Pursuant to the Reorganization Agreement, 22,287,977 shares of the Company's common stock were canceled. As a result, UDC's and DDS's former stockholders became the Company's majority stockholders with the Company's former shareholders retaining 10,000,000 shares of common stock.

On January 11, 2005, the Company amended its Articles of Incorporation to change its name from National Business Holdings, Inc. to Union Dental Holdings, Inc.

The acquisition of UDC and DDS by the Company was accounted for as a reverse merger because on a post-merger basis, the former UDC and DDS shareholders hold a majority of the outstanding common stock of the Company on a voting and fully diluted basis. As a result, UDC and DDS were deemed to be the acquirer for accounting purposes. Accordingly, the consolidated financial statements presented for the period ending June 30, 2008, are those of the combined results of UDC and DDS for all periods prior to the acquisition, and the financial statements of the consolidated companies from the acquisition date forward. The historical shareholders' deficit of the combined results of UDC and DDS prior to the acquisition have been retroactively restated (a recapitalization) for the equivalent number of shares received in the acquisition after giving effect to any differences in the par value of the Company and the combined UDC and DDS common stock, with an offset to additional paid-in capital. The restated consolidated retained earnings of the accounting acquirer (UDC and DDS) are carried forward after the acquisition.

Through its wholly-owned subsidiaries, UDC and DDS, the Company operates two distinct lines of business.

UDC operates a network of duly licensed dental providers, the Dental Referral, who provide dental services through the network to union members in accordance with arrangements between UDC and various labor unions. UDC is not limited as to the type of labor union which it may solicit. UDC charges an annual management services fee to the participating dentists to practice in an "area of exclusivity" for union members. UDC currently has exclusive contracts with several local unions.

DDS acquired the assets of George D. Green, DDS, PA and manages the operation of that general dental practice.

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UNION DENTAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, the consolidated financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and such adjustments are of a normal recurring nature. These consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2007 and notes thereto and other pertinent information contained in Form 10-KSB of Union Dental Holdings, Inc. (the "Company") as filed with the Securities and Exchange Commission (the "Commission"). The results of operations for the six months ended June 30, 2008 are not necessarily indicative of the results for the full fiscal year ending December 31, 2008.

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). The consolidated financial statements of the Company include the Company and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in 2008 and 2007 include the allowance for doubtful accounts, stock-based compensation, valuation of derivative liabilities, and the useful life of property and equipment.

Fair value of financial instruments

The carrying amounts reported in the balance sheet for cash, accounts receivable, accounts payable and accrued expenses, debenture and loans payable approximate their fair market value based on the short-term maturity of these instruments.

Inventory of dental supplies

The Company values inventory of dental supplies at the lower of cost or market, using the specific unit cost method.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable

The Company has a policy of reserving for uncollectible accounts based on its best estimate of the amount of probable credit losses in its existing accounts receivable. The Company periodically reviews its accounts receivable to determine whether an allowance is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are charged to the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. At June 30, 2008, the Company has established, based on a review of its outstanding balances, an allowance for doubtful accounts in the amount of $22,196. During the six months ended June 30, 2008, the Company wrote-off approximately $88,000 of uncollectible accounts receivable.

Property and equipment

Property and equipment are carried at cost. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income in the year of disposition. In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the Company examines the possibility of decreases in the value of fixed assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable.

Impairment of long-lived assets

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," The Company periodically reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value. The Company did not consider it necessary to record any impairment charges during the six months ended June 30, 2008.

Income taxes

The Company was taxed as an S-Corporation combination until December 31, 2004, when the Company changed its form of ownership to a C corporation. As a result of the change of ownership, the Company accounts for income taxes under the liability method in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". Under this method, deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

UNION DENTAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Had income taxes been determined based on an effective tax rate of 37.6% consistent with the method of SFAS 109, the Company's net losses for all periods presented would not materially change.

Loss per common share

In accordance with SFAS No. 128 "Earnings Per Share," Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during each period. Diluted loss per common share is not presented during the six months ended June 30, 2008 because it is anti-dilutive. The Company's common stock equivalents at June 30, 2008 include the following:

Convertible debentures	36,450,750
Derivatives options	159,168,094
Options	1,508,000
Warrants	1,304,348
	198,431,192

Revenue recognition

The Company follows the guidance of the Securities and Exchange Commission's Staff Accounting Bulletin 104 for revenue recognition. In general, the Company records revenue when persuasive evidence of an arrangement exists, services have been rendered or product delivery has occurred, the sales price to the customer is fixed or determinable, and collectibility is reasonably assured. The following policies reflect specific criteria for the various revenues streams of the Company:

DDS selects certain dentists in selected geographical areas to represent the Company. The dentist enters into an exclusive agreement with DDS for an annual management services fee, which is based on each specialty the dentist provides to the patients on a per office basis. DDS receives a yearly membership fee from each dentist in order for him/her to maintain the exclusive area of each specialty that the dentist provides. Revenues from membership fees are recognized over the term of the contract. Unearned membership fees at June 30, 2008 and 2007 amounted to $154,960 and $411,908 respectively, and will be recognized as revenues over their respective term of contract.

The Company recognizes revenue from its dental practice when dental services are provided.

UNION DENTAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of credit risk

The Company maintains its cash in bank deposit accounts, which, at times, exceed federally insured limits. During the six month period ended June 30, 2008, the Company has not reached bank balances exceeding the FDIC insurance limit. The Company has not experienced any losses in such accounts through June 30, 2008.

Stock-based compensation

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share Based Payment ("SFAS No. 123R"). SFAS No. 123R establishes the financial accounting and reporting standards for stock-based compensation plans. As required by SFAS No. 123R, the Company recognized the cost resulting from all stock-based payment transactions including shares issued under its stock option plans in the financial statements.

Prior to January 1, 2006, the Company accounted for stock-based employee compensation plans (including shares issued under its stock option plans) in accordance with APB Opinion No. 25 and followed the pro forma net income, pro forma income per share, and stock-based compensation plan disclosure requirements set forth in the Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS No. 123"). For the six months ended June 30, 2008, the Company did not grant any stock options.

Non-Employee Stock Based Compensation

The cost of stock based compensation awards issued to non-employees for services are recorded at either the fair value of the services rendered or the instruments issued in exchange for such services, whichever is more readily determinable, using the measurement date guidelines enumerated in Emerging Issues Task Force Issue ("EITF") 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services" ("EITF 96-18").

Common stock purchase warrants

The Company accounts for common stock purchase warrants in accordance with the provisions of Emerging Issues Tack Force Issue ("EITF") issue No. 00-19 "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" ("EITF 00-19"). Based on the provisions of EITF 00-19, the Company classifies as equity any contracts that (i) require physical settlement or net-share settlement, or (ii) gives the company a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the control of the company), or (ii) give the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement).

UNION DENTAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations," which replaces SFAS No. 141, " Business Combinations," which, among other things, establishes principles and requirements for how an acquirer entity recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed (including intangibles) and any noncontrolling interests in the acquired entity. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We are currently evaluating what impact our adoption of SFAS No. 141(R) will have on our financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51." SFAS No. 160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It also amends certain of ARB 51's consolidation procedures for consistency with the requirements of SFAS No. 141(R). SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. We are currently evaluating what impact our adoption of SFAS No. 160 will have on our financial statements.

On January 1, 2008, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements. In February 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position, "FSP FAS 157-2--Effective Date of FASB Statement No. 157" ("FSP 157-2"), which delays the effective date of SFAS 157 for one year for certain nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Excluded from the scope of SFAS 157 are certain leasing transactions accounted for under SFAS No. 13, "Accounting for Leases." The exclusion does not apply to fair value measurements of assets and liabilities recorded as a result of a lease transaction but measured pursuant to other pronouncements within the scope of SFAS 157. The Company does not expect that the adoption of the provisions of FSP 157-2 will have a material impact on its financial position, cash flows or results of operations.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities ("SFAS 161"). This statement requires companies to provide enhanced disclosures about (a) how and why they use derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect a company's financial position, financial performance, and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company will adopt the new disclosure requirements on or before the required effective date and thus will provide additional disclosures in its financial statements when adopted.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements (continued)

In April 2008, FASB Staff Position No. 142-3, Determination of the Useful Life of Intangible Assets (FSP 142-3) was issued. This standard amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, Goodwill and Other Intangible Assets. FSP 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The Company has not determined the impact on its financial statements of this accounting standard.

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 consolidated financial statements upon adoption.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Useful Life	June 30, 2008	December 31, 2007
Computer equipment	5 Years	$ 12,749	$ 9,695
Office equipment	5 years	441,702	424,747
Office furniture and fixtures	7 Years	62,128	62,128
Leasehold improvements	10 Years	89,642	30,593
		606,221	527,163
Less: accumulated depreciation		(397,574)	(363,144)
		$ 208,647	$ 164,019

For the six months ended June 30, 2008 and 2007, depreciation expense amounted to $34,431 and $33,738, respectively.

NOTE 3 - CONVERTIBLE DEBENTURES PAYABLE

On August 17, 2005, the Company entered into a Debenture Agreement with Dutchess Private Equity Fund II, LLP ("Dutchess"), an accredited investor, for the issuance and sale of $600,000 of 10% secured convertible debentures in a private transaction exempt from registration under the Securities Act of 1933 in reliance on exemptions provided by Section 4(2) and Regulation D of that act. On August 17, 2005, the Company issued Dutchess a $600,000 principal amount 10% secured convertible debenture due August 17, 2010. At the time of signing the Debenture Agreement, the Company also issued Dutchess five-year common stock purchase warrants to purchase 1,304,348 shares of the Company's common stock at $.092 per share. Interest is payable on the secured convertible debentures at the rate of 10% per year. Amortizing payments will be made by the Company in satisfaction of this Debenture. Payments shall be made monthly on the first day of each business day of each month while there is an outstanding balance on the Debenture, to the Holder, in the amounts outlined below on the following schedule:

Payment for Month 1 (due within three (3) days of the Issuance Date)	$4,951
Payments for Months 2 and 3, respectively	$4,951
Payment for Month 4 and each month thereafter	$62,716

The principal amount of the Debenture plus accrued interest may be converted at the option of the Dutchess into shares of the Company's common stock, anytime following the closing date, at a conversion price equal to the lesser of (i) the lowest closing bid price during the 15 days of full trading, as defined, prior to the conversion date; or (ii) $0.092. In addition, in the event that any portion of the debenture remains outstanding on the maturity date of August 17, 2010, such outstanding amount shall be automatically converted into shares of the Company's common stock. In the event that the Company does not make delivery of the common stock as instructed by Dutchess, the Company shall be obligated to pay to Dutchess 3% in cash of the dollar value of the debentures being converted, compounded daily, per each day after the 3rd business day following the conversion date that the common stock is not delivered to Dutchess.

In the Event of default as defined in the Debenture Agreement, Dutchess may among other things:

(a) elect to secure a portion of the Company's assets not to exceed 200% of the Face Amount of the Note, in Pledged Collateral;
(b) elect to garnish revenue from the Company in an amount that will repay the Holder on the payment schedule set forth above;
(c) exercise its right to increase the Face Amount of the debenture by ten percent (10%) as an initial penalty and for each Event of Default under the Debenture;

NOTE 3 - CONVERTIBLE DEBENTURES PAYABLE (continued)

(d) elect to increase the Face Amount by two and one-half percent (2.5%) per month (pro-rata for partial periods) paid as a penalty for liquated damages which will be compounded daily;

The debenture provides that Dutchess shall not be entitled to convert that amount of Debenture into common stock, which when added with the sum of the number of shares beneficially owned by Dutchess would exceed 4.99% of the number of shares of our common stock outstanding on the conversion date.

In order to secure its obligations under the secured convertible debenture and related documents, the Company has granted the debenture holder a security interest in all of its assets and property.

In accordance with Statement of Financial Accounting Standards No. 133, `Accounting for Derivative Instruments and Hedging Activities', ("FASB 133"), the Company determined that the conversion feature of the Debentures met the criteria of an embedded derivative and therefore the conversion feature of the debt needed to be bifurcated and accounted for as a derivative. Due to the reset provisions of the Debentures, the debt does not meet the definition of "conventional convertible debt" because the number of shares which may be issued upon the conversion of the debt is not fixed. Therefore, the conversion feature fails to qualify for equity classification under EITF 00-19, and must be accounted for as a derivative liability.

The $600,000 face amount of the debenture was stripped of its conversion feature due to the accounting for the conversion feature as a derivative, which was recorded using the residual proceeds method, whereby any remaining proceeds after allocating the proceeds to the warrants and conversion option were attributed to the debt. At June 30, 2008, the Company revalued this derivative liability. For the six months ended June 30, 2008, after adjustment, the Company recorded a loss on revaluation of this derivative liability of $32,512. At June 30, 2008 and December 31, 2007, the balance of the convertible debenture amounted to $226,873.

NOTE 4 - EQUITY CREDIT LINE

On August 17, 2005, the Company entered into an Investment Agreement with Dutchess Private Equities Fund II, LLP ("Dutchess"). Pursuant to this Agreement, Dutchess committed to purchase up to $5,000,000 (the "Line") of the Company's common stock over the course of 36 months ("Line Period"), after the registration statement was declared effective by the SEC in September 2005 (the "Effective Date"). The amount that the Company shall be entitled to request from each of the purchase "Puts", shall be equal to either (1) $100,000 or (2) 200% of the averaged daily volume (US market only) ("ADV") of the Company's common stock for the 20 trading days prior to the "Put" notice, multiplied by the average of the 3 daily closing prices immediately preceding the Put Date. The Pricing Period shall be the five (5) consecutive trading days immediately after the Put Date. The Market Price shall be the lowest closing bid price of the Company's common stock during the Pricing Period. The Purchase Price shall be set at 95% of the Market Price. This Investment Agreement establishes what is sometimes termed an equity line of credit or an equity drawdown facility.

NOTE 4 - EQUITY CREDIT LINE (continued)

In general, the drawdown facility operates as follows: Dutchess, has committed to provide the Company up to $5,000,000 as it requests over a 36 month period, in return for common stock the Company issues to Dutchess. The Company, at its sole discretion, may during the Open Period deliver a "put notice" (the "Put Notice") to Dutchess which states the dollar amount which the Company intends to sell to Dutchess on the Closing Date. The Open Period is the period beginning on the trading after the Effective Date and which ends on the earlier to occur of 36 months from the Effective Date or termination of the Investment Agreement in accordance with its terms. The Closing Date shall mean no more than 7 trading days following the Put Notice Date. The Put Notice Date shall mean the Trading Day immediately following the day on which Dutchess receives a Put Notice, as defined in the agreement. During the Open Period, the Company shall not be entitled to submit a Put Notice until after the previous Closing has been completed. Additionally, Dutchess shall not be obligated to honor any Put Notice if at the time of the Put Notice Dutchess would own more than 4.99% of the Company's issued and outstanding common stock.

Upon the receipt by Dutchess of a validly delivered Put Notice, Dutchess shall be required to purchase from the Company, during the period beginning on the Put Notice Date and ending on and including the date that is 5 trading days after such Put Notice, that number of shares having an aggregate purchase price equal to the lesser of (a) the Put Amount set forth in the Put Notice, or (b) 20% of the aggregate trading volume of the Company's common stock during the applicable Pricing Period times (x) the lowest closing bid price of the Company's common stock during the specified Pricing period, but only if such said shares bear no restrictive legend and are not subject to stop transfer instructions, prior to the applicable Closing Date.

For the year ended December 31, 2007, the Company delivered Put Notices to draw on the equity line of credit. In connection with these puts, the Company issued 4,306,452 shares of common stock for net proceeds of $69,825.

NOTE 5 - CONVERTIBLE NOTE PAYABLE

On December 22, 2005, the Company signed a promissory note (the "Note") in favor of Dutchess Private Equities Fund, LP (the "Investor"), in the amount of $960,000 (the "Face Amount") and received gross proceeds in the amount of $800,000 less $60,075 in fees associated with the financing for net proceeds of $739,925. The Company is obligated to repay the Investor the Face Amount on or before December 23, 2006. There is no stated interest rate on the Note and interest has been imputed at a rate of 32% per annum. Payments are to be made by the Company from each Put from the Company's Equity Credit Line (see note 4) with the Investor. The Company is obligated to pay the Investor the greater of a) 50% of each Put to the Investor or b) $80,000 until the face Amount minus any fees have been paid. The first payment was due on February 15, 2006 and all subsequent payments will be made at the Closing of every Put to the Investor thereafter. The Put Amount will be the maximum amount allowed under the Investment Agreement with the Investor. The Company has not received any written notice of default in connection with this note.

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UNION DENTAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 - CONVERTIBLE NOTE PAYABLE (continued)

As described in note 4, the Investment Agreement provides in part that the maximum amount of each Put is either $100,000 or 200% of the average daily volume multiplied by the average of the three daily closing prices immediately preceding the Put Date. Payments made by the Company in satisfaction of this Note shall be made from each Put from the Equity Line of Credit with the Investor given by the Company to the Investor. Additionally, in connection with Note, the Company issued 1,500,000 shares of common stock. The shares were valued at fair market value at date grant of $135,000 or $.09 per share and is reflected as a discount on the Note, which was amortized over the term.

The Company agreed to issue 50 signed Put Notices to the Investor to use as collateral. In the event, the Investor uses the collateral in full, the Company shall immediately deliver to the Investor additional Put Sheets as requested by the Holder. In the event that on the maturity date the Company has any remaining amounts unpaid on this Note (the "Residual Amount"), the Holder can exercise its right to increase the Face Amount by ten percent (10%) as an initial penalty and an additional 2.5% per month paid, pro rata for partial periods, compounded daily, as liquated damages ("Liquidated Damages").

Additionally, in the event of a default as defined in the agreement, the Holder shall have the right, but not the obligation, to 1) switch the Residual Amount to a three-year ("Convertible Maturity Date"), interest-bearing convertible debenture. If the Holder chooses to convert the Residual Amount to a Convertible Debenture, the Company shall have 20 business days after notice of the same (the "Notice of Convertible Debenture") to file a registration statement covering an amount of shares equal to 300% of the Residual Amount. Such registration statement shall be declared effective under the Securities Act of 1933, as amended (the "Securities Act"), by the Securities and Exchange Commission (the "Commission") within 40 business days of the date the Company files such Registration Statement. In the event the Company does not file such registration statement within 20 business days of the Holder's request, or such registration statement is not declared by the Commission to be effective under the Securities Act within the time period described above, the Residual Amount shall increase by $5,000 per day.

The Holder is entitled to convert the Debenture Residual Amount, plus accrued interest, anytime following the Convertible Maturity Date, at the lesser of (i) 50% of the lowest closing bid price during the 15 trading immediately preceding the Convertible Maturity Date or (ii) 100% of the lowest bid price for the 20 trading days immediately preceding the Convertible Maturity Date ("Fixed Conversion Price").

In accordance with Statement of Financial Accounting Standards No. 133, `Accounting for Derivative Instruments and Hedging Activities', ("FASB 133"), the Company determined that the conversion feature of the Note met the criteria of an embedded derivative and therefore the conversion feature of this debt needed to be bifurcated and accounted for as a derivative. Due to the conversion features of the Note which is convertible based on draws from the equity credit line, the debt does not meet the definition of "conventional convertible debt" because the number of shares which may be issued upon the conversion of the debt is not fixed. Therefore, the conversion feature fails to qualify for equity classification under EITF 00-19, and must be accounted for as a derivative liability.

UNION DENTAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 - CONVERTIBLE NOTE PAYABLE (continued)

The $960,000 face amount of the debenture was stripped of its conversion feature due to the accounting for the conversion feature as a derivative, which was recorded using the residual proceeds method, whereby any remaining proceeds after allocating the proceeds to the 1,500,000 common shares and conversion option would be attributed to the debt. The beneficial conversion feature (an embedded derivative) included in this Note resulted in a note discount of $665,000 in 2005. In accordance with EITF No. 00-19, EITF No. 00-27, Application of Issue No. 98-5 to Certain Convertible Instruments, the values assigned to both the Note, and conversion feature were allocated based on their fair values. The amount allocated as a discount on the Note for the value of the conversion option is amortized to interest expense, using the effective interest method, over the term of the Note.

The holders of the Note and the underlying shares on the equity credit line have registration rights that required the Company to file a registration statement with the Securities and Exchange Commission to register the resale of the common stock issuable upon conversion of the debenture or the exercise of the warrants. Under EITF No. 00-19, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock, the ability to register stock was deemed to be outside of the Company's control. Accordingly, in 2005, the initial aggregate fair value of the derivatives (embedded and free-standing) of $1,002,049 was recorded as a derivative liability in the consolidated balance sheet, and is marked to market at the end of each reporting period. During the six months ended June 30, 2008, the Company revalued this derivative liability. For the six months ended June 30, 2008, after adjustment, the Company recorded a loss on revaluation of this derivative liability of $272,776 and reclassified $42,046 of the derivative liability to paid-in capital due to the payment of the debenture. For the six months ended June 30, 2008 and 2007, amortization of the discount on the note amounted to $0 and $2,463, respectively. At June 30, 2008 and December 31, 2007, the balance of the convertible note amounted to $544,363 and $586,408, respectively.

NOTE 6 - NOTES PAYABLE

In December 2004, the Company agreed to assume the debt obligation of the principal stockholder for a bank loan utilized to purchase 50% of DDS from its founder and former owner and the remaining balance owed on the original 50% acquisition. The original note was in the amount $1,215,000. On May 17, 2005, the Company entered into an Amended and Restated Promissory Note in the amount of $1,384,000. The interest rate on this note is the LIBOR Fixed Rate plus 255 basis points calculated by using the 365/360 day method. The note requires monthly principal payments of $23,067 plus accrued interest payable monthly, and is secured by all of the assets of the Company. The principal stockholder is also the guarantor of this loan. In addition, the Company, on a consolidated basis, must maintain a minimum Global Debt Service Ratio, as defined by the bank, which is calculated annually, based on the Company's year end financial statements. The Company must also maintain property and casualty insurance on the business as well as a minimum of $700,000 of life insurance on the principal stockholder, assigned to the bank. In October 2005, as a result of a hurricane relief program, the bank extended the due date on the November and December 2005 payments, thereby extending the Note due date to July 17, 2010. As of June 30, 2008, the Company is in default of loan covenants and other terms of the agreement. Accordingly, the Company has shown the entire principal balance in current liabilities.

NOTE 6 - NOTES PAYABLE (continued)

At June 30, 2008 and December 31, 2007, the principal amount outstanding on this note amounts to $575,924 and $714,324, respectively.

On August 11, 2006, the Company entered into a Promissory Note in the amount of $50,000 with a bank. The interest rate on this promissory note is 8% per annum calculated by using the 365/360 day method. The note requires 60 monthly principal and interest payments of approximately $1,017 and is secured by certain assets of the Company. This note is personally guaranteed by the Company's CEO. At June 30, 2008 and December 31, 2007, the principal amount outstanding on this note amounts to $33,967 and $38,575, respectively.

In March 2008, the Company was issued a progress promissory note with a maximum principal balance of $350,000. The note bears a monthly interest rate of 1.00% and interest is payable monthly. The unpaid principal balance is payable upon demand. The principal balance of the note was $83,681 as of June 30, 2008.

NOTE 7 - LINE OF CREDIT

On May 16, 2007, the Company was issued a $100,000 line of credit with SunTrust Bank. The line of credit bears an annual interest rate of 8.25% and interest is payable monthly. The balance of the line of credit was $20,650 as of December 31, 2007 and $50,650 as of June 30, 2008.

NOTE 8 - RELATED PARTY TRANSACTIONS

On March 20, 2004, UDC, a wholly owned subsidiary of the Company, entered into an employment agreement with the principal stockholder, the sole officer of UDC, with a term of 7 years. This contract provides for a base salary to the principal stockholder of $225,000 in year 1, $125,000 in year 2, $185,500 in year 3, $196,630 in year 4, $208,427 in year 5, $220,932 in year 6 and $234,187 in year 7. This contract also provides for the issuance of options to the principal stockholder upon signing , 750,000 options, (1 share per option), with an exercise price of $0.60 per share, half vested immediately and half vesting after two years , having an exercise life of five years. This contract also provides for the issuance of options to the principal stockholder as well, if certain revenue milestones are reached: at $3,000,000 in gross revenue for any calendar year he receives 332,500 options, (1 share per option), with an exercise price at the market price of the underlying common stock at issue date and the same again at $4,000,000 and $5,000,000 in gross revenue for a calendar year.

NOTE 8 - RELATED PARTY TRANSACTIONS (continued)

On March 7, 2007, the Company received a loan amounting to $270,000 from the Company's CEO for a full payment of the principal and accrued interest of the

10% promissory note which amounted to approximately $261,000. The Company's CEO individually signed a 30 year promissory note in the amount of $270,000 with SunTrust Bank, which requires 360 monthly principal and interest payments at the rate of 8.4% per annum until March 7, 2037 and is secured by a personal asset owned by the Company's CEO. The loan from the Company's CEO calls for the Company to make equal monthly payments. In the event of a default, all payments under the loan shall become immediately due and payable. The loan represents an unsecured obligation of the Company. At June 30, 2008 and December 31, 2007, the principal amount outstanding on this loan amounts to $267,363 and $268,451, respectively.

NOTE 9 - SHAREHOLDERS' DEFICIT

Between January and February 2008, the Company exercised a put notice in accordance with its Investment Agreement with Dutchess (see note 4) and repaid principal and accrued interest on its notes payable of $37,255 for which the Company issued in aggregate 6,644,496 shares of its common stock to Dutchess.

Between April 2008 and June 2008, the Company exercised a put notice in accordance with its Investment Agreement with Dutchess (see note 4) and repaid principal on its notes payable of $4,791 for which the Company issued in aggregate 1,750,000 shares of its common stock to Dutchess.

On June 12, 2008, the Company issued 1,100,000 shares of common stock for accrued legal services during 2007. The Company valued these common shares at the fair market value on the date of grant at approximately $.04 per share or $4,284. In connection with the issuance of these shares, the Company applied the value against accounts payable.

Stock Options

In October 2004, the Company adopted a Stock Option Plan that allows for both incentive based options as well as non-qualified options. As part and parcel to the reorganization on December 27, 2004, UDHI adopted this Plan. Under the terms of the Plan, the Plan Committee will set the option term and the exercise price. The Plan limits the ability to exercise incentive options for a first time holder in any one calendar year to $100,000 aggregate fair market value, based on grant date. The Plan also allows for the issuance of Stock Appreciation Rights to allow for cash-less exercise of underlying issued options.

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UNION DENTAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 9 - SHAREHOLDERS' DEFICIT

Stock Options (continued)

A summary of the stock options as of June 30, 2008 and changes during the periods is presented below:

	Weighted Average	Number of Options Exercise Price
Balance at beginning of year	1,508,000	$ 0.16
Granted	-	-

Exercised	-	-
Forfeited	-	-
Balance at end of period	1,508,000	$ 0.16
Options exercisable at end of period	1,508,000	$ 0.16
Weighted average fair value of options granted during the period		$ -

The following information applies to options outstanding at June 30, 2008:

Options Outstanding				Options Exercisable	
Range of Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 0.10-0.15	950,000	2.50	$ 0.14	950,000	$ 0.14
$0.20-.0.25	525,000	0.25	$ 0.21	525,000	$ 0.21
$ 0.50	33,000	1.50	$ 0.50	33,000	$ 0.50
	1,508,000		$ 0.16	1,508,000	$ 0.16

NOTE 10 - GOING CONCERN

As reflected in the accompanying consolidated financial statements, the Company had an accumulated deficit of $4,890,253 and a working capital deficit of $2,725,330 at June 30, 2008 and net losses for the six months ended June 30, 2008 of $172,487. While the Company is attempting to increase sales, the growth has not been significant enough to support the Company's daily operations. In order to raise funds, on August 2005, the Company entered into an Investment Agreement and a Debenture Agreement (See Note 3 and 4), and a note payable agreement (See note 5), and has notes payable to a bank and a third party. Additionally, the Company has a loan payable with the Company's CEO (see Note 8) and a line of credit. Management may attempt to raise additional funds by way of a public or private offering. While the Company believes in the viability of its strategy to improve sales volume and in its ability to raise additional funds, there can be no assurances to that effect. The Company's limited financial resources have prevented the Company from aggressively advertising its products and services to achieve consumer recognition. The ability of the Company to continue as a going concern is dependent on the Company's ability to further implement its business plan and generate increased revenues. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Management believes that the actions presently being taken to further implement its business plan and generate additional revenues provide the opportunity for the Company to continue as a going concern.

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Item 2. Management's Discussion and Analysis or Plan of Operation.

OVERVIEW

We operate our business through our two wholly owned subsidiaries, Direct Dental Services, Inc. ("DDS") and Union Dental Corp. ("UDC"). UDC operates a network of duly licensed dental providers. Members of the dental network pay an annual management service fee for the right to be a member of the dental network. DDS operates a dental practice in Coral Springs, Florida. During the coming year, the Company's primary focus will be to acquire additional dental practices which the Company believes application of its Dental Practice Management Model will improve operating performance, enhance revenues and generate a positive return on the Company's investment..

We are currently investigating the possible acquisition of a dental practice in North Carolina. Closing of the transaction will be subject to our further due diligence and securing the required financing. The acquisition of the dental practice will also include real estate.

Ultimately, if management is going to be successful in this endeavor, the Company will require significant additional funding in the form of debt or equity. To date, we have no commitment for funding and even if we secure a funding commitment, there can be no assurance that we will be able to satisfy the conditions precedent set forth in any funding commitment.

While we will continue to recruit additional unions and recruit dentists to service the union contracts in those regions we have secured contracts, we have determined that the significant marketing costs involved in securing these dentists provides a limited return on our investment. However, until such time as we close on a funding commitment for the acquisition of a dental practice, we will attempt to add union contracts in states where we currently do not have union contracts We will continue to solicit dentists to expand our network and focus on the expansion of our dental facility in Coral Springs, Florida where our chief executive officer practices.

In order to finance our operations, growth and expansion, on August 17, 2005, we entered into an Investment Agreement with Dutchess Private Equity Fund II, LLP ("Dutchess"). Pursuant to this Agreement, Dutchess will commit to purchase up to $5,000,000 of our Common Stock over the course of 36 months, beginning September 15, 2005, the date our registration statement was declared effective by the SEC. Under the agreement, we may sell to Dutchess on each occasion, either (1) $100,000 in shares of our common stock or (2) 200% of the averaged daily volume (U.S market only) of our Common Stock for the 20 trading days prior to our "Put" notice, multiplied by the average of the 3 daily closing prices immediately preceding the Put Date. The Market Price shall be the lowest closing bid price of our common stock during the Pricing Period. The Purchase Price shall be set at 95% of the Market Price. This Investment Agreement establishes what is sometimes termed an equity line of credit or an equity drawdown facility.

In general, the drawdown facility operates as follows: Dutchess, has committed to provide us with up to $5,000,000 as we request over a 36 month period, in return for common stock that we issue to Dutchess. We may, in our sole discretion, during the Open Period deliver a "put notice" (the "Put Notice") to Duchess which states the dollar amount which we intend to sell to Dutchess on the Closing Date. The Open Period is the period beginning on the trading after the Effective Date and which ends on the earlier to occur of 36 months from the Effective Date or termination of the Investment Agreement in accordance with its terms. The Closing Date shall mean no more than 7 trading days following the Put Notice Date. The Put Notice Date shall mean the Trading Day immediately following the day on which Dutchess receives a Put Notice, as defined in the agreement.

During the Open Period, we are not entitled to submit a Put Notice until after the previous Closing has been completed.

Upon the receipt by Dutchess of a validly delivered Put Notice, Dutchess shall be required to purchase from us, during the period beginning on the Put Notice Date and ending on and including the date that is 5 trading days after such Put Notice, that number of shares having an aggregate purchase price equal to the lesser of (a) the Put Amount set forth in the Put Notice, or (b) 20% of the aggregate trading volume of our common stock during the applicable Pricing Period times (x) the lowest closing bid price of our common stock during the specified Pricing period, but only if such said shares bear no restrictive legend and are not subject to stop transfer instructions, prior to the applicable Closing Date.

As a result of this variable price feature, the number of shares issuable pursuant to the agreement will increase if the market price of our stock decreases. In addition there is no upper limited on the number of shares issuable pursuant to the agreement. Therefore our shareholders may be subject to significant dilution and face the prospect of a change in control. (See Footnote 4 to our Financial Statements).

Because of the significant decline in the price of our common stock since the execution of our Line of Credit with Dutchess, it is unlikely that we will be able to draw down the entire $5,000,000. As a result, we may have to obtain additional operating capital from other sources to enable us to execute our business plan. We anticipate that we may be able to obtain a portion of any additional required working capital through the private placement of Common Stock to domestic accredited investors pursuant to Regulation D of the Securities Act of 1933, as amended. We may also rely on the exemption afforded by Regulation S of the Securities Act of 1933, as amended, and solicit non-U.S. citizens. There is no assurance that we will obtain the additional working capital that we need through the private placement of our Common Stock. In addition, such financing may not be available in sufficient amounts or on terms acceptable to us.

Also in connection with the Dutchess financing, on August 17, 2005, we entered into a Debenture Agreement with Dutchess, an accredited investor, for the issuance and sale of $600,000 of 10% secured convertible debenture due August 17, 2010 in a private transaction exempt from registration under the Securities Act of 1933 in reliance on exemptions provided by Section 4(2) and Regulation D of the Act. At the time of signing the Debenture Agreement, we also issued Dutchess a five-year common stock purchase warrant to purchase 1,304,348 shares of our common stock at $.092 per share.

Interest is payable on the secured convertible debentures at the rate of 10% per year. Amortizing payments will be made by us in satisfaction of this Debenture. Payments shall be made monthly on the first day of each business day of each month while there is an outstanding balance on the Debenture, to the Holder, in the amounts outlined below on the following schedule:

Payment for Month 1: (due within three (3) days of the Issuance Date)	$4,951
Payment for Month 2:	$4,951
Payment for Month 3:	$4,951
Payment for Month 4 and each month thereafter:	$62,716

The principal amount of the Debenture plus accrued interest may be converted at the option of Dutchess into shares of our common stock, anytime following the closing date, at a conversion price equal to the lesser of (i) the lowest closing bid price during the 15 days of full trading, as defined, prior to the conversion date; or (ii) $0.092. In addition, in the event that any portion of the debenture remains outstanding on the maturity date of August 17, 2010, such outstanding amount shall be automatically converted into shares of our common stock. In the event that we do not make delivery of the common stock as instructed by Dutchess, we shall be obligated to pay to Dutchess 3% in cash of the dollar value of the debentures being converted, compounded daily, per each day after the 3rd business day following the conversion date that the common stock is not delivered to Dutchess. In the event of default as defined in the Debenture Agreement, Dutchess may among other things:

(a) elect to secure a portion of the Company's assets not to exceed 200% of the Face Amount of the Note, in Pledged Collateral;
(b) elect to garnish Revenue from us in an amount that will repay the Holder on the payment schedule set forth above;
(c) exercise its right to increase the Face Amount of the debenture by ten percent (10%) as an initial penalty and for each Event of Default under the Debenture;
(d) elect to increase the Face Amount by two and one-half percent (2.5%) per month (pro-rata for partial periods) paid as a penalty for liquated damages which will be compounded daily;

The debenture provides that Dutchess shall not be entitled to convert that amount of Debenture into common stock, which when added with the sum of the number of shares beneficially owned by Dutchess would exceed 4.99% of the number of shares of our common stock outstanding on the conversion date.

In order to secure its obligations under the secured convertible debenture and related documents, we have granted Dutchess a security interest in all of our assets and property.

At June 30, 2008 and December 31, 2007, the balance of the convertible debenture amounted to $544,363 and $586,408, respectively.

On December 22, 2005, the Company signed a promissory note (the "Note") in favor of Dutchess in the amount of $960,000 (the "Face Amount") and received gross proceeds in the amount of $800,000 less $60,075 in fees associated with the financing for net proceeds of $739,925. The Company is obligated to repay the Investor the Face Amount on or before December 23, 2006. There is no stated interest rate on the Note. Payments are to be made by the Company from each Put from the Company's Equity Credit Line we have with Dutchess. The Company is obligated to pay Dutchess the greater of a) 50% of each Put to the Investor or b) $80,000 until the face Amount minus any fees have been paid. The first payment was due and made on February 15, 2006 and all subsequent payments will be made at the Closing of every Put to Dutchess thereafter. The Put Amount will be the maximum amount allowed under the Investment Agreement with Dutchess. Payments made by the Company in satisfaction of this Note shall be made from each Put from the Equity Line of Credit with Dutchess. Additionally, in connection with this obligation, the Company issued 1,500,000 shares of common stock.

We issued 50 signed Put Notices to Dutchess as collateral. In the event, that Dutchess uses the collateral in full, we are obligated to immediately deliver to Dutchess additional Put Sheets as requested. In the event that on the maturity date we have any remaining amounts unpaid on this Note (the "Residual Amount"), the Holder can exercise its right to increase the Face Amount by ten percent (10%) as an initial penalty and an additional 2.5% per month paid, pro rata for partial periods, compounded daily, as liquated damages ("Liquidated Damages").

Additionally, in the event of a default as defined in the agreement, the Holder shall have the right, but not the obligation, to 1) switch the Residual Amount to a three-year ("Convertible Maturity Date"), interest-bearing convertible debenture. If the Holder chooses to convert the Residual Amount to a Convertible Debenture, we shall have 20 business days after notice of the same (the "Notice of Convertible Debenture") to file a registration statement covering an amount of shares equal to 300% of the Residual Amount. Such registration statement shall be declared effective under the Securities Act of 1933, as amended (the "Securities Act"), by the Securities and Exchange Commission (the "Commission") within 40 business days of the date we file such Registration Statement. In the event we do not file such registration statement within 20 business days of the Holder's request, or such registration statement is not declared by the Commission to be effective under the Securities Act within the time period described above, the Residual Amount shall increase by $5,000 per day.

The Holder is entitled to convert the Debenture Residual Amount, plus accrued interest, anytime following the Convertible Maturity Date, at the lesser of (i) 50% of the lowest closing bid price during the 15 trading immediately preceding the Convertible Maturity Date or (ii) 100% of the lowest bid price for the 20 trading days immediately preceding the Convertible Maturity Date ("Fixed Conversion Price").

We are currently in default under the terms and conditions of this Agreement. No notice of Default has been received. (See Footnote 5.)

CRITICAL ACCOUNTING POLICIES

Financial Reporting Release No. 60, which was released by the Securities and Exchange Commission (the "SEC"), encourages all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. The Company's consolidated financial statements include a summary of the significant accounting policies and methods used in the preparation of the consolidated financial statements. Management believes the following critical accounting policies affect the significant judgments and estimates used in the preparation of the financial statements.

Use of Estimates - Management's discussion and analysis or plan of operation is based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates these estimates, including those related to allowances for doubtful accounts receivable and long-lived assets. Management bases these estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We review the carrying value of property and equipment for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by comparison of its carrying amount to the undiscounted cash flows that the asset or asset group is expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the property, if any, exceeds its fair market value.

Effective January 1, 2006, we adopted the provisions of SFAS No. 123(R), "Share-Based Payment," under the modified prospective method. SFAS No. 123(R) eliminates accounting for share-based compensation transactions using the intrinsic value method prescribed under APB Opinion No. 25, "Accounting for Stock Issued to Employees," and requires instead that such transactions be accounted for using a fair-value-based method. Under the modified prospective method, we are required to recognize compensation cost for share-based payments to employees based on their grant-date fair value from the beginning of the fiscal period in which the recognition provisions are first applied. For periods prior to adoption, the financial statements are unchanged, and the pro forma disclosures previously required by SFAS No. 123, as amended by SFAS No. 148, will continue to be required under SFAS No. 123(R) to the extent those amounts differ from those in the Statement of Operations.

Results of Operations

SIX MONTHS ENDED JUNE 30, 2008 AS COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2007

Revenues

For the six months ended June 30, 2008, we generated revenues of $1,450,038 as compared to $1,379,376 for the six months ended June 30, 2007, an increase of approximately 5%. The increase in revenues is attributable to the decrease in other revenue from the settlement of litigation of $190,000 during 2007 offset by increased in revenues of approximately $260,000 attributable to increased revenues which we generated from the dental practice.

Operating Expenses

The Company's total operating expenses decreased $564,482 or 31% for the six months ended June 30, 2008 as compared to the 2007 period. These decreases include:

- Cost of services performed - Cost of services performed expense consists of personnel cost, dental supplies, and lab costs. For the six months ended June 30, 2008, the cost of services performed were $215,361 as compared to $154,638 for the 2007 period, an increase of $60,723 or 39%. This increase was primarily due to the increase in dental supplies and associate fees of approximately $54,000.
- Salaries, related taxes and stock-based compensation - Salaries, related taxes and stock-based compensation expense consists of personnel cost and the fair value of common shares issued for services to employees. For the six months ended June 30, 2008, salaries, related taxes and stock-based compensation costs were $620,955 as compared to $844,184 for the 2007 period, a decrease of $223,229 or 26%. The decrease was primarily attributable to a decrease in stock based compensation of $273,685 attributable to the fair value of common shares issued for services to our CEO and certain employees offset by increase in salaries that relates to adding additional personnel and normal wage increases during the six months ended June 30, 2008.
- For the six months ended June 30, 2008, we recorded depreciation expense of $34,431 as compared to $33,739 for the 2007 period. We purchase additional computer equipment in August 2007 amounting to $1,015 which resulted in a minimal increase in depreciation.
- For the six months ended June 30, 2008, we incurred professional fees of $51,703 as compared to $83,023 for the 2007 period, a decrease of $31,320 or 38%. The decrease during the six months ended June 30, 2008 was attributable to decrease in accounting fees.
- For the six months ended June 30, 2008, we incurred consulting fees of $20,650 as compared to $265,800 for the 2007 period, a decrease of $245,150 or 92%. The decrease was primarily attributable to a decrease in use of consultants for investor relations, business development and advisory services during the six months ended June 30, 2008.
- For the six months ended June 30, 2008, we incurred other general and administrative expenses of $325,443 as compared to $451,641 for the 2007 period, a decrease of $126,198. Other general and administrative expenses consisted of rent, insurance, printing, office expenses, utilities, maintenance, computer expenses, postage, travel, and other expenses.

Other income (expenses)

- For the six months ended June 30, 2008, we recorded amortization of debt issuance costs of $0 as compared to $6,685 in the 2007 period. The decrease was primarily attributable to the full amortization of debt issuance cost related to our notes payable with dutchess in the 2007 period.

- For the six months ended June 30, 2008, we recorded a loss from the revaluation of a derivative liability of $305,288 as compared to $319,899 in the 2007 period which was attributable to our stock volatility and the value of our stock price.

- For the six months ended June 30, 2008, interest expense was $48,821 as compared to $67,790 for the 2007 period, a decrease of $18,969 The decrease in interest expense is primarily attributable to decreasing borrowing costs and repayment obligations as a result of the various financings we have undertaken with Dutchess and to a lesser extent, costs associated with our bank line of credit.

Net loss

As a result of these factors, we reported a net loss for the six months ended June 30, 2008 of $172,487 or $.00 per share as compared to a net loss of $847,989 or $.01 per share for the 2007 period. Investors should note that as of June 30, 2008, the weighted average number of shares outstanding - basic and diluted was 109,625,005 as compared to 59,113,969 for the 2007 period.

THREE MONTHS ENDED JUNE 30, 2008 AS COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2007

Revenues

For the three months ended June 30, 2008, we generated revenues of $740,443 as compared to $746,739 for the three months ended June 30, 2007, a decrease of less than 1%. The decrease in revenues is attributable to the decrease in other revenue from the settlement of litigation of $190,000 during 2007 offset by increased in revenues of approximately $183,704attributable to increased revenues which we generated from the dental practice.

Operating Expenses

The Company's total operating expenses decreased from $864,309 to $619,949, a decrease of $244,360 or 28% for the three months ended June 30, 2008 as compared to the 2007 period. These decreases include:

- Cost of services performed - Cost of services performed expense consists of personnel cost, dental supplies, and lab costs. For the three months ended June 30, 2008, the cost of services performed were $108,504 as compared to $69,472 for the 2007 period, an increase of $39,032 or 56%. This increase was primarily due to the increase in dental supplies and associate fees.
- Salaries, related taxes and stock-based compensation - Salaries, related taxes and stock-based compensation expense consists of personnel cost and the fair value of common shares issued for services to employees. For the three months ended June 30, 2008, salaries, related taxes and stock-based compensation costs were $330,896 as compared to $385,006 for the 2007 period, a decrease of $54,110 or 14%. The decrease was primarily attributable to a decrease in stock based compensation which was offset in part by increased salaries related to additional personnel and normal wage increases during the three months ended June 30, 2008.

- For the three months ended June 30, 2008, we recorded depreciation expense of $17,216 as compared to $16,837 for the 2007 period.
- For the three months ended June 30, 2008, we incurred professional fees of $19,032 as compared to $36,566 for the 2007 period, a decrease of $17,534 or 48%.
- For the three months ended June 30, 2008, we incurred consulting fees of $7,950 as compared to $94,375 for the 2007 period, a decrease of $86,425 or 92%. The decrease was primarily attributable to a decrease in use of consultants for investor relations, business development and advisory services during the three months ended June 30, 2008.
- For the three months ended June 30, 2008, we incurred other general and administrative expenses of $136,351 as compared to $262,053 for the 2007 period, a decrease of $125,702 or 48%. Other general and administrative expenses consisted of rent, insurance, printing, office expenses, utilities, maintenance, computer expenses, postage, travel, and other expenses.

Other income (expenses)

- For the three months ended June 30, 2008 and 2007, we did not record any expense for amortization of debt issuance.
- For the three months ended June 30, 2008, we recorded a loss from the revaluation of a derivative liability of $280,895 as compared to a loss of $116,288 in the 2007 period which was attributable to our stock volatility and the value of our stock price.
- For the three months ended June 30, 2008, interest expense was $23,727 as compared to $32,374 for the 2007 period, a decrease of $8,647. The decrease in interest expense is primarily attributable to decreasing borrowing costs and repayment obligations as a result of the various financings we have undertaken with Dutchess and to a lesser extent, costs associated with our bank line of credit.

Net loss

As a result of these factors, we reported a net loss for the three months ended June 30, 2008 of $184,096 as compared to a net loss of $266,198 for the 2007 period. Investors should note that as of June 30, 2008, the weighted average number of shares outstanding - basic and diluted was 110,779,103 as compared to 63,375,969 for the 2007 period.

Liquidity and Capital Resources

At June 30, 2008, we had cash and accounts receivable totaling $304,277. We had total current assets of $343,590. Also, as of June 30, 2008, we had total assets of $552,237. Our total current liabilities at June 30, 2008 were $3,068,920. We have a working capital deficit as of June 30, 2008 of $2,725,330. During the six months ended June 30, 2008, we wrote-off approximately $88,000 of uncollectible accounts receivable. Our working capital deficit is primarily attributable to the financing we have secured with Dutchess including the outstanding current portion of a convertible debenture which we have recorded at $226,873, notes payable in the amount of $693,572 and a derivative liability in the amount of $874,014. We also have convertible notes payable totaling $544,363. The derivative liability which we recorded on our books is the result of the convertibility feature and the registration rights which we have granted to Dutchess. (See Footnotes 3, 4 and 5 of our financial statements). We are also in default under our lending agreement when we failed to maintain certain affirmative covenants required under the loan documentation. This loan obligation has been subsequently assigned by Bank of America. We have not received any notice of default by the Assignee and we continue to make the required monthly payments. Nevertheless, we have designated the entire amount of this liability, as a short term liability.

We owe our CEO, George Green, the sum of $267,363. This liability resulted from a loan which he provided the Company in the amount of $270,000. Dr. Green individually signed a 30 year promissory note in the amount of $270,000 with Sun Trust Bank, which requires 360 monthly principal and interest payments at the rate of 8.4% per annum until March 7, 2037. (See Footnote 8.)

We have also recorded a liability for unearned membership fees totaling $154,960 and a line of credit balance of $50,650 as of June 30, 2008.

To the extent that revenues are insufficient to support ongoing operations, the Company will have to draw against its equity line of credit. With our stock price currently trading below the conversion price of $.092 per share, it is unlikely that Dutchess would convert any portion of the outstanding obligation at the fixed conversion price. Moreover, we were required to deliver Put notices to Dutchess to satisfy the terms and conditions of the $960,000 promissory note. This obligation is in default. In order to satisfy this obligation, we will be required to draw down our equity line of credit. This will require us to issue additional shares of our common stock which will cause further dilution and

likely downward pressure on the price of our common stock. Our Common Stock currently trades at approximately $.006 per share. At this price, we have not registered a sufficient number of registered shares available under our equity line of credit to satisfy the outstanding obligation. Based on the current price of our common stock, we have not have registered a sufficient number of shares of common stock to draw against the equity credit line. As such, we will in all likelihood continue to be in default under these obligations.

We have an accumulated deficit of $4,890,253. We recorded shareholder transactions as June 30, 2008 of $1,489,711. As of June 30, 2008, we had a shareholders' deficit of $2,516,683.

You are urged to review the accompanying financial statements and financial footnotes in order to fully understand our financial condition.

On August 11, 2006, George Green, individually and on behalf of the Company, entered into a Promissory Note in the amount of $50,000 with the Community Bank of Broward. The interest rate on this promissory note is 8% per annum calculated by using the 365/360 day method. The note requires 60 monthly principal and interest payments of approximately $1,017 and is secured by certain assets of the Company. At June 30, 2008, the principal amount outstanding on this note amounts to $33,967.

On October 20, 2006, George Green, individually and on behalf of the Company entered into a Promissory Note in the amount of $250,000 with, Black Forrest International, LLC a non-affiliated third party. The interest rate on this promissory note is 10% per annum calculated by using a 360 day year. The principal balance and all accrued and unpaid interest was due on June 19, 2007 and was paid in full. The note is secured by certain assets of the Company.

In March 2008, we entered into a progress promissory note agreement with a maximum principal balance of $350,000. The note bears a monthly interest rate of 1.00% and interest is payable monthly. The unpaid principal balance is payable upon demand. The principal balance of the note was $83,681 as of June 30, 2008.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations," which replaces SFAS No. 141, " Business Combinations," which, among other things, establishes principles and requirements for how an acquirer entity recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed (including intangibles) and any noncontrolling interests in the acquired entity. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We are currently evaluating what impact our adoption of SFAS No. 141(R) will have on our financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51." SFAS No. 160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It also amends certain of ARB 51's consolidation procedures for consistency with the requirements of SFAS No. 141(R). SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. We are currently evaluating what impact our adoption of SFAS No. 160 will have on our financial statements.

On January 1, 2008, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements. In February 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position, "FSP FAS 157-2--Effective Date of FASB Statement No. 157" ("FSP 157-2"), which delays the

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effective date of SFAS 157 for one year for certain nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Excluded from the scope of SFAS 157 are certain leasing transactions accounted for under SFAS No. 13, "Accounting for Leases." The exclusion does not apply to fair value measurements of assets and liabilities recorded as a result of a lease transaction but measured pursuant to other pronouncements within the scope of SFAS 157. The Company does not expect that the adoption of the provisions of FSP 157-2 will have a material impact on its financial position, cash flows or results of operations.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities ("SFAS 161"). This statement requires companies to provide enhanced disclosures about (a) how and why they use derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect a company's financial position, financial performance, and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after

November 15, 2008. The Company will adopt the new disclosure requirements on or before the required effective date and thus will provide additional disclosures in its financial statements when adopted.

In April 2008, FASB Staff Position No. 142-3, Determination of the Useful Life of Intangible Assets (FSP 142-3) was issued. This standard amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, Goodwill and Other Intangible Assets. FSP 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The Company has not determined the impact on its financial statements of this accounting standard.

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 consolidated financial statements upon adoption.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable for a smaller reporting company.

Item 4. Controls and Procedures.

As of the end of the period covered by this Report, the Company's President, who is its chief executive officer and is also its Treasurer and principal financial officer (the "Certifying Officer"), evaluated the effectiveness of the Company's "disclosure controls and procedures," as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934. Based on that evaluation, this officer concluded that, as of the date of his evaluation, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's periodic filings under the Securities Exchange Act of 1934 is accumulated and communicated to management, including that officer, to allow timely decisions regarding required disclosure.

The Certifying Officer has concluded that there were no significant changes in our internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation and there were no corrective actions with regard to significant deficiencies and material weaknesses.

Our management, including the Certifying Officer, does not expect that our disclosure controls or our internal controls will prevent all errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a 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. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors

We are in default with our two primary lenders.

As reflected in the notes to our financial statements, we are in default with respect to a note payable and debenture payable due Dutchess Private Equities Fund, LP and an Amended and Restated Promissory Note with Bank of America. Following the occurrence of the default, Bank of America assigned the obligation to Lehman Brothers Bank. We have not received notice from the assignee regarding the status of the loan. While we hope to enter into some type of forebearance agreement with these lenders, there can be no assurance that either will agree to any new terms or conditions which we propose. Lehman Brothers, as the assignee of the Bank of America obligation, has a lien on our assets. If Lehman Brothers were to foreclose on this lien or Dutchess were to exercise its default remedies, we risk foreclosure on the lien or the attachment of our future revenue streams. If this should occur, it is unlikely that we would be able to continue our operations without additional financing of which there can be no assurance.

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

During the three month period covered by this report, we issued the following unregistered securities:

Date	Title	Number	Consideration
5/1/08	c/s	1,000,000	$2,300(1)
6/12/08	c/s	1,100,000	$4,284(2)
6/27/08	c/s	525,000	$1,312(1)

(1) Issued to reduce the outstanding obligation of the noteholder.
(2) Issued for services rendered.

The shares of common stock set forth above were issued pursuant to an exemption from registration under Section 4(2) of the Act. The shares were valued on the date of grant.

Item 3. Defaults Upon Senior Securities.

We have received a notice of default with respect to our amended and restated promissory note with Bank of America. This obligation has been subsequently assigned by Bank of America to Lehman Brothers. Even though we have made and continue to make timely payments pursuant to this obligation, we have failed to maintain certain affirmative covenants required under the loan documentation. As a result, we have characterized our line of credit with Lehman Brothers as a short term liability. We have not had any discussions with Lehman Brothers bank regarding this matter.

We are also in default with respect to our note payable with Dutchess Private Equities Fund, LP. We have failed to make the required monthly payments due under the note since June 2006. Notwithstanding the foregoing, we have not received any notice of default from Dutchess.

Item 4. Submission of Matters to a Vote of Security Holders.

During the period covered by this Report, there were no matters submitted to a vote of security holders through the solicitation of proxies or otherwise.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports Filed on Form 8-K

(a) Exhibits

Exhibit No.	Description
31.1	Rule 13a-14(a)/ 15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/ 15d-14(a) Certification of principal financial and accounting officer
32.1	Section 1350 Certification of Chief Executive Officer and principal financial and accounting officer

(b) There were no reports filed on Form 8-K.

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.

UNION DENTAL HOLDINGS, INC.

By: /s/ George D. Green

George D. Green

Date: August 14, 2008