UNION DENTAL HOLDINGS, INC.
Form 10QSB
August 16, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 10-QSB

(Mark one)

[X] Quarterly Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934

For the quarterly period ended June 30, 2005

[_] Transition Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934

For the transition period from ______________ to _____________

Commission file number 000-32563

UNION DENTAL HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Florida	000-26703	65-0710392
(State or other jurisdiction of incorporation)	(Commission file number)	(IRS Employer Identification No.)

1700 University Drive, Suite 200 Coral Springs, FL	33071
(Address of principal executive offices)	(Zip Code)

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

N/A
(Former name or former address, if changes since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes |_| No |X|.

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

As of August 1, 2005, there were 30,607,486 shares of the Issuer's common stock, par value $0.0001 per share outstanding.

Transitional Small Business Disclosure Format (Check one): Yes |_| No |X|.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this quarterly report on Form 10-QSB contain or may contain forward-looking statements that are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous assumptions and other factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk, U.S. and global competition, and other factors including the risk factors set forth in our Form 10-KSB. Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Readers should carefully review this quarterly report in its entirety, including but not limited to our financial statements and the notes thereto. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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PART I. - FINANCIAL INFORMATION

Item 1. Financial Statements

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UNION DENTAL HOLDINGS INC.
Consolidated Balance Sheets

	June 30, 2005
	(unaudited)
ASSETS	
CURRENT ASSETS	
Cash	$ 48,6
Accounts receivable, net of allowance of $7,200 and $7,200	361,2
Inventory	25,1
Prepaid expenses	4,8
Total current assets	439,8
PROPERTY AND EQUIPMENT	
Furniture, fixtures and equipment	521,6
Accumulated depreciation	(193,8
Total property and equipment	327,7
OTHER ASSETS	
Other assets	9,5
Total other assets	9,5
Total Assets	$ 777,1

LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable	$ 19,8
Accounts payable - related party	
Accrued expenses	9,4
Income taxes payable	36,4
Notes payable - current portion	269,5
Line of credit	17,6
Customer deposits	32,9
Unearned memberships	326,5
Total current liabilities	712,3
LONG-TERM LIABILITIES	
Note payable -bank	1,117,9
Total long-term liabilities	1,117,9
Total Liabilities	1,830,3
STOCKHOLDERS' EQUITY (DEFICIT)	
Preferred stock, $0.0001 par value, authorized 25,000,000 shares; 1,000,000 issued and outstanding, respectively	1
Common stock, $0.0001 and $1 par value, authorized 300,000,000 shares; 29,373,840 and 28,519,939 issued and outstanding, respectively	2,9
Additional paid-in capital	692,7
Accumulated (deficit) earnings	(305,5
Subtotal stockholders' equity before shareholder transactions	390,1
Shareholder transactions	(1,443,3
Total stockholders' equity (deficit)	(1,053,1
Total Liabilities and Stockholders' Equity	$ 777,1

The accompanying notes are an integral part of the financial statements

UNION DENTAL HOLDINGS INC.
(UNION DENTAL CORP. and DIRECT DENTAL SERVICES, INC.)
Consolidated and Combined Statements of Operations
Three and Six Months Ended June 30,
(UNAUDITED)

	Consolidated Three months 2005	Combined Three months 2004	Conso Six 2
REVENUES	$ 610,924	$ 405,622	$ 1,

OPERATING EXPENSES			
Salaries	160,335	115,750	
General and administrative expenses	367,379	306,914	
Advertising	20,552	1,833	
Depreciation	2,802	300	
Total expenses	551,068	424,797	
Income from operations	59,856	(19,175)	
OTHER INCOME (EXPENSE)			
Interest income	0	0	
Interest expense	(24,746)	(11,447)	
Reserve for bad debt	0	0	
Total other income (expense)	(24,746)	(11,447)	
Income tax expense	(11,550)	0	
Net income	$ 23,560	$ (30,622)	$ 7
Income per weighted average common shares - basic	$ 0.00	$ (30.62)	$
Income per weighted average common shares - fully diluted	$ 0.00	$ (30.62)	$
Number of weighted average common shares outstanding - basic	28,964,023	1,000	28,
Number of weighted average common shares outstanding -fully diluted	29,714,023	1,000	29,

The accompanying notes are an integral part of the financial statements

UNION DENTAL HOLDINGS INC.
(UNION DENTAL CORP. and DIRECT DENTAL SERVICES, INC.)
Consolidated and Combined Statement of Stockholders' Equity (Deficit)

	Number of Shares Common	Number of Shares Preferred	Common Stock Par Value	Preferred Stock Par Value	Additional Paid-In Capital	Reta Earn (Defi
BEGINNING BALANCE, December 31, 2002	1,000	0	$ 1,000	$ 0	$ 0	$ 237
Net income	0	0	0	0	0	762
Net income distributed	0	0	0	0	0	(764
BALANCE, December 31, 2003	1,000	0	1,000	0	0	236
Net income distributed	0	0	0	0	0	(384
Reorganization	27,499,000	1,000,000	1,750	100	9,295	(236
Conversion of notes - $0.50/sh.	913,939	0	91	0	456,783	
Stock issued for services - $0.50/sh	106,000	0	11	0	52,989	
Net income	0	0	0	0	0	4
BALANCE, December 31,2004	28,519,939	1,000,000	2,852	100	519,067	(379
Stock issued for cash	120,000	0	12	0	59,988	
Stock issued for assets	733,901	0	73	0	113,682	
Stockholder loan to Company	0	0	0	0	0	
Net income	0	0	0	0	0	74
Ending Balance, June 30, 2005 (unaudited)	29,373,840	1,000,000	$ 2,937	100	$ 692,737	$ (305

The accompanying notes are an integral part of the financial statements

UNION DENTAL HOLDINGS INC.
(UNION DENTAL CORP. and DIRECT DENTAL SERVICES, INC.)
Consolidated and Combined Statements of Cash Flows
Six Months Ended June 30,
(unaudited)

	Consolidated 2005
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 74

Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation		5
Stock issued for services		
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable		(51
(Increase) decrease in inventory		(1
(Increase) decrease in prepaid expenses		(1
(Increase) decrease in other assets		1
Increase (decrease) in accounts payable		(147
Increase (decrease) in accrued expenses		9
Increase (decrease) in income tax payable		36
Increase (decrease) in customer deposits		2
Increase (decrease) in unearned memberships		
Net cash provided by operating activities		(72
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment		(170
Net cash used by investment activities		(170
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term debt		
Proceeds from long-term debt		250
Payments on line of credit		(30
Net income distributed		
Payments on notes payable		(126
Common stock sold for cash		60
Proceeds from loan from officer/shareholder		95
Net cash provided (used) by financing activities		248
Net increase (decrease) in cash		6
CASH, beginning of period		42
CASH, end of period	$	48
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid in cash	$	37
Non-Cash Financing Activities:		
Issuance of common stock to acquire assets	$	113
Stockholder loan offset in stockholder transactions	$	95

The accompanying notes are an integral part of the financial statements

UNION DENTAL HOLDINGS INC.

(UNION DENTAL CORP. and DIRECT DENTAL SERVICES, INC.)
Notes to Consolidated and Combined
Financial Statements (Information with regard to the
six months ended June 30, 2005 and 2004 is unaudited)

(1) Summary of Significant Accounting Principles

The Company Union Dental Holdings, Inc., (f/k/a National Business Holdings, Inc.), (the Company) is a Florida chartered corporation which conducts business from its headquarters in Ft. Lauderdale, Florida. The Company was incorporated on November 26, 1996 and has elected December 31as its fiscal year end. The Company has two distinct lines of business. Union Dental Corp., (UDC), acquired the assets of G.D. Green, DDS, P.A. and manages the operation of that general dental practice. Direct Dental Services, Inc., (DDS), negotiates contracts with labor union locals for the provision of dental services to union members in seventeen states, through network member dentists.

The following summarize the more significant accounting and reporting policies and practices of the Company:

a) Use of estimates The financial statements have been prepared in conformity with generally accepted accounting principles. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial condition and revenues and expenses for the period then ended. Actual results may differ significantly from those estimates.

b) Net income per share Basic income per weighted average common share is computed by dividing the net income by the weighted average number of common shares outstanding during the period. Diluted per weighted average common share is computed by dividing the net income by the weighted average number of common shares outstanding during the period had the outstanding options been exercised at the beginning of the period.

c) Stock compensation for services rendered The Company occasionally issues shares of common stock in exchange for services rendered. The costs of the services are valued according to generally accepted accounting principles and are charged to operations.

d) Significant acquisition In December 2004, the Company entered into an agreement to acquire Union Dental Corp. and Direct Dental Services, Inc., both Florida corporations, in a reverse merger, which was accounted for as a reorganization of UDC and DDS, in exchange for 17,500,000 restricted common shares and 1,000,000 restricted preferred shares. In May 2005, the Company acquired certain assets of Dental Visions, Inc., (DVI), in exchange for 733,901 shares of common stock valued at $113,755 and payment of DVI debt in the amount of $169,486, for a total valuation of $283,241.

e) Principles of consolidation and combination The consolidated financial statements include the accounts of Union Dental Holdings, Inc. and its wholly owned subsidiaries. Inter-company balances and transactions have been eliminated. The financial statements of UDC and DDS for 2004 are presented as combined pursuant to Accounting Research Bulletin, (ARB), No. 51, since they were separate entities under common control.

f) Revenue recognition The Company's revenues are generated through provision of dental services and the sale of the right to provide dental services to labor union members in an exclusive geographic area through various contracts with the labor unions. The Company records revenue when dental services are provided and the dentist member fees are amortized over the term of the contract.

UNION DENTAL HOLDINGS INC.
(UNION DENTAL CORP. and DIRECT DENTAL SERVICES, INC.)
Notes to Consolidated and Combined Financial Statements

(1) Summary of Significant Accounting Principles

g) Cash and equivalents The company considers investments with an initial maturity of three months or less as cash equivalents.

h) Property and equipment All property and equipment are recorded at cost and depreciated over their estimated useful lives, using the straight-line method. Upon sale or retirement, the costs and related accumulated depreciation are eliminated from their respective accounts, and the resulting gain or loss is included in the results.

Repairs and maintenance charges which do not increase the useful lives of the assets are charged to operations as incurred. Depreciation expense was $2,802, $300, $5,605 and $748 for the three and six months ended June 30, 2005 and 2004, respectively.

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

j) Segment information The Company has two distinct related lines of operations, the management of a general dental practice through UDC and maintaining a network of dental practices providing services through provider contracts with labor union locals negotiated by DDS. At June 30, 2005, DDS represents approximately 17% of total assets, 27% of revenues and 40% of net income. UDC represents approximately 46% of total assets, 73% of revenues and 60% of net income.

k) Bad debt reserve The Company reviews its accounts receivable regularly, (at least quarterly), to evaluate the need to modify its reserve for uncollectible accounts receivable. At December 31, 2004, the Company has established a reserve for bad debt in the amount of $7,200, and remains unchanged at June 30, 2005. The Company does not believe that this amount will become a significant amount, as its receivables are from numerous individual patients, several insurance companies and numerous dentists in its network, each of which is relatively small in individual amount.

l) Unearned memberships Dentists enroll and renew their contracts for one or one and one-half year terms at various times throughout the year. Most of the membership fees are paid at the signing of the contract and renewal. The fees are amortized over the term of the related contract.

m) Advertising Advertising costs are expensed when incurred.

(UNION DENTAL CORP. and DIRECT DENTAL SERVICES, INC.)
Notes to Consolidated and Combined Financial Statements

(1) Summary of Significant Accounting Principles
n) Interim financial information The financial statements for the three and six months ended June 30, 2005 and 2004, are unaudited and include all adjustments which in the opinion of management are necessary for fair presentation, and such adjustments are of a normal and recurring nature. The results for the six months are not indicative of a full year results.

(2) Stockholders' Equity The Company has authorized 300,000,000 shares of $0.0001 par value common stock, and 25,000,000 shares of $0.0001 par value preferred stock. Rights and privileges of the preferred stock are to be determined by the Board of Directors prior to issuance. The Company had 29,373,840 shares of common stock issued and outstanding at June 30, 2005. The Company had issued 1,000,000 of its shares of preferred stock at June 30, 2005. These preferred shares carry super voting rights equal to 15,000,000 common shares.

In November 1996, the Company issued 1,000,000 shares of common stock to its founders for services rendered in connection with the organization of the Company, valued at $0.001 or $900. In May 1997, the Company issued 8,900,000 shares of common stock for $89,000 in cash, or $0.01 per share. In January 1998, the Company issued 275,000 shares of common stock for $400,000 in cash, or $1.45 per share. In February 1998, the Company issued 50,000 shares of common stock for $72,727 in cash, or $1.45 per share. In September 1998, 3,900,000 shares that had been purchased for $39,000 were contributed back to the Company. In October 1998 the Company retired 6,938,796 shares as a result of a 1 for 20 reverse split of the stock. In December 1998, the Company issued 5,000,000 shares of common stock for $1,000,000 in cash, or $0.20 per share.

In February 2004, the Company issued 10,000,000 shares of common stock for $25,000 in cash, or $0.0025 per share. In May 2004, the Company retired 15,001,373 shares as a result of a 1 for 40 reverse split of the stock. In May 2004, the Company issued 3,100,000 shares to acquire 100% of the issued and outstanding shares of Shava, Inc. This transaction was valued at $7,750, or $0.0025 per share. In October 2004, the Company issued 18,800,000 shares to its then sole officer and director in exchange for services valued at $18,800. In October 2004, the Company issued 10,000,000 shares for the conversion of convertible notes payable in the amount of $27,500. At the time of the reverse merger the Company had 32,284,831 shares issued and outstanding. In December 2004, the Company issued 17,500,000 shares of restricted common stock and 1,000,000 restricted preferred stock to acquire Union Dental Corp. and Direct Dental Services, Inc. At the same time, as part of the merger agreement, a stockholder contributed 22,284,831 shares to the Company. In December 2004, the Company issued 783,140 restricted common shares in exchange for $417,006 in convertible short-term debt and accrued interest and 106,000 shares in exchange for services valued at $53,000, or $0.50 per share.

UNION DENTAL HOLDINGS INC.
(UNION DENTAL CORP. and DIRECT DENTAL SERVICES, INC.)
Notes to Consolidated and Combined Financial Statements

(2) Stockholders' Equity, continued.
In the first and second quarter 2005, the Company issued 120,000 shares of restricted common stock in exchange for $60,000 in cash, or $0.50 per share. In the second quarter the Company issued 733,901 shares of restricted common stock in exchange for assets valued at $113,755, or $0.155 per share, (see note 1d).

(3) Income Taxes Deferred income taxes (benefits) are provided for certain income and expenses which are recognized in different periods for tax and financial reporting purposes. The operating entities had elected Sub-chapter S status under the IRC Code and therefore were not subject to taxation at the corporate level. Distributions were made each year to the stockholder's of the companies to allow for the payment of income taxes on a personal level. Sub-chapter S status is revoked automatically under the IRS Code as of the day the companies became wholly-owned subsidiaries of a publicly traded entity.

At December 31, 2004, the Company has a book-tax timing difference. This is the result of accounting for customer deposits, ($30,802), and unearned memberships, ($326,326), as deferred revenue for book purposes and as income on the cash basis income tax returns. As such, this $357,128, will not be taxed on the Company's 2005 income tax return and will reduce the Company's 2005 tax liability in an amount ranging from approximately $53,500 (15% rate) to $135,700 (38%) on the Company's federal return and approximately $19,600 on the Company's Florida return. These savings are entirely dependent on the Company's tax rate inclusive of this income for 2005. The Company has established a deferred tax asset in the amount of $74,000, utilizing the lowest possible income tax rates. However, the Company has established a 100% valuation allowance against this asset as there is no assurance that the Company will be able to utilize this benefit in 2005., which is the only year it is available. This is due to multiple factors: 1 - this is a newly reorganized company and is publicly traded for the first time, as such there are significant additional expenditures expected related to this status and 2 - the Company is expecting to expand its business and expects significant expenditures related to this expansion. The Company has established a deferred income tax liability for the change in unearned membership fee income. This change was $200 for the first half-year 2005. The tax liability was calculated at 15%, or $30.

(4) Long-term debt In December 2004, DDS agreed to assume the debt obligation of the principal stockholder for the 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 interest rate of this debt is LIBOR plus 2.55% and requires payments of $20,250 plus accrued interest monthly, or $243,000 plus accrued interest annually. This loan matures on December 31, 2009. The loan is collateralized with 100% of the assets of DDS, UDC and the principal stockholder , tangible and intangible. The principal stockholder and UDC are also guarantors 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 the second quarter of 2005, this loan was increased $250,000 as part of the acquisition of $283,241 of fixed assets.

UNION DENTAL HOLDINGS INC.
(UNION DENTAL CORP. and DIRECT DENTAL SERVICES, INC.)
Notes to Consolidated and Combined Financial Statements

(5) Long-term debt to stockholder A portion of the purchase price of the assets of G.D. Green, DDS, PA is a note payable to the principal stockholder in the amount of $1,000,000. This note carries a 5% interest rate and is payable $100,000 plus accrued interest annually for ten years. At the closing of the reverse merger the principal stockholder agreed to a set-off between this payable to him and the then existing balance he owed the combined companies of approximately $560,000.

(6) Commitments and contingencies The Company leases its office facility under a five year lease that expires May 2007. The monthly lease payments are $2,300 per month or $27,600 per year. In May 2005, the Company assumed a lease for additional space as part of the DVI asset acquisition. This lease also has five years remaining, expiring May 2010, and the monthly payment is $2,175, or $26,100 per year, for a total of $53,700 per year.

(7) 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.

As a private company, DDS and UDC have, at various times loaned the sole stockholder money, which has been repaid in part. These advances and repayments have the characteristics of a line of credit. At December 31, 2004 and 2003, the now principal stockholder of the consolidated company owed DDS and UDC combined $0 and $280,654, respectively. Shareholder transactions in the net amount of $1,539,129 are the result of the following: a) UDHI acquiring UDC for a note payable to the principal stockholder in the amount of $1,000,000; b) DDS entered into a note payable in the amount of $1,215,000 to the bank replacing an existing note payable from the principal stockholder and c) these items are reduced by a note receivable from the same principal stockholder in the amount of $675,871. In the first half-year 2005, this net amount is further reduced by a loan from the stockholder in the amount of $95,800.

UNION DENTAL HOLDINGS INC.
(UNION DENTAL CORP. and DIRECT DENTAL SERVICES, INC.)
Notes to Consolidated and Combined Financial Statements

(8) Short-term debt From April through December 2004, the Company raised $417,006 in short-term debt, via a Regulation D Rule 506 offering. At the closing of the reorganization on December 27, 2004, this short-term debt was converted at $0.50 per share into 913,939 shares of restricted under Rule 144 common stock

(9) Stock option plan In October 2004, UDC 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. The Company issued 793,000 options, with an exercise price of $0.50 per share, under this plan as of December 31, 2004, in addition to those discussed in Note 7 above.

The Company accounts for outstanding options in accordance with Accounting Principles Board, (APB), Opinion 25. Financial Accounting Standards Board, (FASB), SFAS No. 148 requires footnote disclosure of the effects on the financial statements if the Company had accounted for the options under the fair value method , (Black- Scholes), in accordance with SFAS No. 123. Using the Black-Scholes model, the Company would have recorded $0 expense for these options, therefore there would have been no effects on the financial statements as published.

(10) Subsequent events

a) Stockholders' equity In July 2005, the Company issued 325,000 shares under the Form S-8 and 5,000 shares of restricted under Rule 144 common stock to two and one persons, respectively, in exchange for services rendered. These shares were valued at $48,750 and $375 in total, or $0.15 and $0.075 per share, respectively.

On July 1, 2005, the Company filed a Form S-8 to register up to 5,000,000 shares to be issued under its Stock Option Plan. Except for the 325,000 shares of common stock described above, no shares or options have been issued pursuant to this Plan.

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

The following discussion and analysis should be read in conjunction with our Financial Statements and Notes thereto appearing elsewhere in this Report on Form 10-QSB as well as our other SEC filings.

Plan of Operations

We operate our business through our two wholly owned subsidiaries, Direct Dental Services, Inc. ("DDS") and Union Dental Corp. ("UDC"). DDS 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. UDC operates a dental practice in Coral Springs, Florida. The Company plans to expand its line of business by acquiring dental practices and recruiting new dental practitioners to join its dental network servicing the union contracts. The Company may also expand and offer participating unions other professional services such as chiropractic and eye glass providers.

Management's current focus is the expansion of its network of dental providers, who will provide their services to the union members. We intend to expand in existing markets primarily by enhancing the operating performance of our existing office, by acquiring dental practices, by adding union contracts in states where we currently do not have union contracts and by developing dental network union contracts with other unions. In furtherance of these objectives, during our last fiscal quarter we acquired substantially all of the assets of a dental practice located in Coral Springs, Florida ("Dental Visions") for a purchase price of $283,241 consisting of the assumption of $169,486 in debt and the issuance of 733,901 shares of our common stock with an agreed value of $.155 per share. We successfully integrated the operations of Dental Visions into UDC. At this time it is not possible to project what income or expenses will result from the expansion of these services.

Comparison of Operating Results for the Quarter Ended June 30, 2005 to the Quarter Ended June 30, 2004

Revenues

Revenues for the three months ended June 30, 2005 as compared to June 30, 2004 were $610,924 as compared to $405,622, an increase of approximately 50%. Revenues for the six months ended June 30, 2005 were $1,124,561 as compared to $1,091,861 for the six months ended June 30, 2004, an increase of approximately 3%. The increase in revenues, especially during the second quarter of 2005 is attributable to two factors: Increased revenues as a result of the acquisition and integration of the assets of Dental Visions into UDC and management's ability to focus on expanding the operations of the business.

Operating Expenses

Operating expenses for the three months ended June 30, 2005 as compared to the three months ended June 30, 2004 increased by $126,271, increasing from $551,068 and $976,145, an increase of approximately 77%. The increase in our operating expenses is a result of increased general and administrative expenses and salaries. Many of the additional general and administrative expenses were the result of increased marketing expenses for DDS, consulting and professional fees incurred as a result of the filing of our annual report during the first quarter of 2005 and increased costs associated with the purchase of the assets and assumption of liabilities of Dental Vision. The increase in salaries relates to adding additional personnel and normal wage increases.

Operating expenses for the six months ended June 30, 2005 as compared to the six months ended June 30, 2004 increased from $424,797 and $723,949, an increase of approximately 70%. This increase is attributable to increased general and administrative expenses and increased salaries which the Company has incurred as it expands its operations.

Interest Expense

Interest expense for the three and six months ended June 30, 2005, was $24,746 and $37,628 as compared to $11,447 and $25,809 for the three and six months ended June 30, 2004. The increase is primarily attributable to increased borrowing costs associated with an increase in our bank line of credit.

Net Income

Our net income for the three months ended June 30, 2005 was $73,052 as compared to a net loss of $30,622 for the three months ended June 30, 2004. The reversal of the loss is primarily attributable to increased revenues.

Our net income for the six months ended June 30, 2005 was $74,338 as compared to net income of $342,103 for the six months ended June 30, 2004, a decline of $267,765. The overall decline in our net income over this period is primarily attributable to an increase in general and administrative expenses and an increase in salaries despite an increase in revenues for the six month period from $1,091,861 to $1,124,561.

We recorded zero (-0-) in income per share for both the three and six months ended June 30, 2005 as compared to a loss per share of $(30.62) for the three months ended June 30, 2004 and net income per share of $342.10 for the six months ended June 30, 2004.

Income Tax Consequences

Prior to their acquisition by Union Dental Holdings, both Union Dental Corp. and G.D. Green, DDS, P.A. were operated as an S corporations and any income tax payable were paid by their shareholders. With the subsequent acquisition by Union Dental Holdings, we are required to pay income tax on the net income we generate.

Liquidity and Capital Resources

We use available finances to fund ongoing operations. Funds will be used for general and administrative expenses, website maintenance and development, marketing and expenses related to the filing and preparation of our SEC filings.

We intend to seek additional financing to fully implement our business plan. Additional financing will enable us to expand our dental network and acquire additional dental practices. Additional working capital may be available through third party financing sources. There can be no assurance that we will be successful in securing any type of debt or equity financing.

If we are successful in securing additional financing, we believe that our business model can be expanded into other professional fields. We believe that a niche market exists in both the chiropractic and optometry fields. If we determine that we can successfully market these services to unions together with our dental program, we will attempt to secure a network of chiropractors and optometrists.

Assets and Liabilities

Our total assets were $777,191 as of June 30, 2005 as compared to $446,924 as of December 31, 2004. respectively. Our assets as of June 30, 2005 consisted primarily of our accounts receivable, net of allowance of $361,213 furniture, fixtures and equipment of $327,788 (net of depreciation), inventory of $25,185 and cash of $48,627. As of December 31, 2004, accounts receivable, net of allowance was $317,077, furniture, fixtures and equipment was $49,476 (net of depreciation) inventory was $24,055 and cash of $42,294.

Accounts receivable increased by approximately $44,000 while our property and equipment increased by $278,312. The increase in both our accounts receivable and the value of our property and equipment is primarily attributable to our acquisition of Dental Visions.

Total Current Liabilities as of June 30, 2005 were $712,381 consisting primarily of $326,514 in unearned membership interests, $269,513 representing the current portion of a note payable, $36,450 in income taxes payable and $32,961 in customer deposits. Total current liabilities as of December 31, 2004

were $871,959 consisting primarily of $326,326 in unearned memberships, $299,435 representing the current portion of a note payable, $110,839 due a related party and $47,813 from our line of credit.

Our long-term liabilities increased from $972,000 as of December 31, 2004 to $1,117,933, an increase of approximately 15%. This increase was primarily attributable to refinancing our loan with the bank to enable us to finance additional acquisitions.

As of June 30, 2005, we have a stockholders deficit of $(1,053,123). This compares to a stockholders deficit of $(1,397,035) as of December 31, 2004. The reduction of our stockholders deficit is due to three factors; net income of approximately $74,000, a net change of $96,000 relating to a loan received from a principal stockholder, less any notes receivable from the same principal shareholder, plus stock issued for $60,000.

No trends have been identified which would materially increase or decrease our results of operations or liquidity.

The only significant cash transaction other than that generated and used in operations has been that during June 2005, the Company issued 70,000 shares of restricted common stock in exchange for $35,000 in cash, or $0.50 per share.

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

Item 3 - Controls and Procedures

Our management, which includes our Chief Executive Officer who also serves as our principal financial officer, have conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-14(c) promulgated under the Securities and Exchange Act of 1934, as amended) as of a date (the "Evaluation Date") as of the end of the period covered by this report. Based upon that evaluation, our management has concluded that our disclosure controls and procedures are effective for timely gathering, analyzing and disclosing the information we are required to disclose in our reports filed under the Securities Exchange Act of 1934, as amended. There have been no significant changes made in our internal controls or in other factors that could significantly affect our internal controls subsequent to the end of the period covered by this report based on such evaluation.

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PART II
OTHER INFORMATION

Item 1 - Legal Proceedings

During the second quarter of 2005, DDS was sued by a former member of our DDS network. The suit alleges that the company breached the exclusivity provisions of its agreement with DDS by selling the territory to another dentist The lawsuit was filed in Dade County, Florida (Case No. 05-08811 CA 2). Management believes that it has a meritorious defense to this action in that the territory was only sold after the plaintiff failed to make the required payments due under the management agreement to remain part of the DDS network.

During the second quarter of 2005 we were sued by another dentist who was previously a DDS member, The suit was filed in Dade County, Florida (Case No. 05-0077-99) and alleges tortuous interference with a business relationship and liable. Management believes that it has meritorious defenses in that this action was brought in response to a lawsuit filed by the company against the same dentist for breach of contract, slander, tortuous interference with a business relationship and injunctive relief (Case No. 04-12109 CA 10). The Company filed this action when the dentist failed to pay the required fee to remain a member of the DDS network and attempted to create his own network of service providers.

Item 2 - Changes in securities, use of proceeds and small business issuer of equity securities

In May 2005, we issued a total of 733,901 shares of our common stock to a single investor in consideration for the transfer of the assets and assumption of certain liabilities of Dental Vision.

During June 2005, the Company issued 70,000 shares at a cost of $.50 per share to an investor.

The transactions were exempt from registration claimed under section 4(2) of the Securities Act of 1933, as amended and neither of the identified transactions included a public distribution or offering.

Item 3 - Defaults upon senior securities

None

Item 4 - Submission of matters to a vote of security holders

None

Item 5 - Other information

None

Item 6 - Exhibits and reports on Form 8-K

(a) The following sets forth those exhibits filed pursuant to Item 601 of Regulation S-K:

Exhibit number		Descriptions
31.1	*	Certification of the Chief Executive Officer, dated May 14, 2005, pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2	*	Certification of the Acting Chief Financial Officer, dated May 14, 2005, pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1	*	Certification Chief Executive Officer, dated May 14, 2005, pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
32.1	*	Certification Acting Chief Financial Officer, dated May 14, 2005, pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

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* Filed herewith.

(b) The following sets forth the Company's reports on Form 8-K that have been filed during the quarter for which this report is filed:

1. Form 8-K filed May 24, 2005.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) 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
Chief Executive Officer,
President and Chairman of the Board*

Date: August 17, 2005

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* George D. Green has signed both on behalf of the registrant as a duly authorized officer and as the Registrant's principal accounting officer.