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

FORM 10-Q

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

For the quarterly period ended March 31, 2014

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

For the transition period from __________ to __________

DISCOUNT DENTAL MATERIALS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**000-54381**	**26-1974399**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

13455 Noel Road, Suite 1000
Dallas, TX 75240
(Address of principal executive offices)

949-415-7478
(Registrant's telephone number, including area code)

____
(Former address, if changed since last report)

____
(Former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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 a smaller reporting company)	☐	Smaller reporting company	☒

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

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

Class of Securities	Shares Outstanding at May 14, 2014
Common Stock, $0.001 par value	37,550,953

DISCOUNT DENTAL MATERIALS, INC.

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PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of registrant for the three months and nine months ended March 31, 2014 and 2013 follow. The condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. All such adjustments are of a normal and recurring nature.

DISCOUNT DENTAL MATERIALS, INC. AND SUBSIDIARY
(a development stage company)
CONDENSED CONSOLIDATED BALANCE SHEETS

		March 31, 2014 (unaudited)		June 30, 2013
ASSETS				
Current assets:				
Cash and cash equivalents	$	7,122	$	8
Prepaid expenses		683,309		1,533
Total current assets		690,431		1,541
Long-term assets:				
Patent rights		83,900		83,900
Total long-term assets		83,900		83,900
Total assets	$	774,331	$	85,441
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable	$	54,589	$	81,154
Related party payables		134,656		105,006
Notes payable to stockholders		-		2,000
Accrued payroll and taxes		-		12,880
Related party notes payable		179,947		424,115
Total current liabilities		369,192		625,155
Long term liabilities:				
Convertible note to stockholders, net of debt discount of $414,997 and $305,882, respectively		987,503		319,118
Total Long term liabilities		987,503		319,118
Total liabilities		1,356,695		944,273
Commitments and contingencies (Note 4)				
Stockholders' deficit				
Preferred stock ($0.001 par value: 1,000,000 shares authorized; none issued and outstanding)		-		-
Common stock ($0.001 par value: 249,000,000 shares authorized; 37,550,953 and 31,580,001 shares issued and outstanding at March 31, 2014 and June 30, 2013, respectively		37,551		31,580
Additional paid in capital		4,565,165		1,895,617
Deficit accumulated during the development stage		(5,185,080)		(2,786,029)
Total stockholders' deficit		(582,364)		(858,832)
Total liabilities and stockholders' deficit	$	774,331	$	85,441

See accompanying notes to unaudited condensed consolidated financial statements

DISCOUNT DENTAL MATERIALS, INC. AND SUBSIDIARY
(a development stage company)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Nine Months Ended March 31,		For the Three Months Ended March 31,		February 22, 2010 (date of inception) through
	2014	2013	2014	2013	March 31, 2014
Operating Expenses					
Selling, general and administrative expenses	$ 1,680,106	$ 313,946	$ 634,007	$ 118,095	$ 3,784,177
Research and development costs	177,160	108,500	-	-	289,738
Depreciation	-	357	-	-	1,711
Marketing expenses	127,790	340	40,681	340	131,425
Total operating expenses	1,985,056	423,143	674,688	118,435	4,207,051
Other (income) expense					
Accretion of debt discount	307,676	68,529	100,940	34,779	449,607
Interest expense	106,319	30,602	42,991	15,752	131,422
Purchase of shell	-	-	-	-	397,000
Total other (income) expense	413,995	99,131	143,931	50,531	978,029
Net operating loss	(2,399,051)	(522,274)	(818,619)	(168,966)	(5,185,080)
Loss before income taxes	(2,399,051)	(522,274)	(818,619)	(168,966)	(5,185,080)
Income taxes	-	-	-	-	-
Net loss	$ (2,399,051)	$ (522,274)	$ (818,619)	$ (168,966)	$ (5,185,080)
Loss per share:					
Basic and diluted loss per share	$ (0.07)	$ (0.02)	$ (0.02)	$ (0.01)	
Basic and diluted weighted average shares outstanding	34,470,562	31,180,001	34,470,562	31,180,001	

See accompanying notes to unaudited condensed consolidated financial statements

DISCOUNT DENTAL MATERIALS, INC. AND SUBSIDIARY
(a development stage company)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended March 31, 2014	For the Nine Months Ended March 31, 2013	February 22, 2010 (date of inception) through March 31, 2014
Cash flows from operating activities:			
Net loss	$ (2,399,051)	$ (522,274)	$ (5,185,080)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	-	357	1,711
Accretion of debt discount	307,676	68,529	449,607
Warrants issued for research and development	65,660	108,500	174,160
Stock compensation related to stock options	184,875	-	431,375
Stock issued for services	1,113,950	-	1,455,950
Supplies contributed for founder's shares	-	-	10,650
Changes in operating assets and liabilities:			
Accounts payable	(26,565)	44,735	54,588
Related party payables	76,343	32,962	572,964
Prepaid expenses	(53,926)	(5,126)	(85,458)
Accrued payroll and taxes	(12,880)	41,341	-
Net cash used in operating activities	(743,918)	(230,976)	(2,119,533)
Cash flows from investing activities:			
Capitalized patent costs	-	-	(27,300)
Purchases of computer equipment	-	-	(1,711)
Net cash used in investing activities	-	-	(29,011)
Cash flows from financing activities:			
Founders capital contribution	-	-	3,250
Proceeds from issuance of common stock and warrants, net of offering costs	-	-	791,884
Notes payable to related parties	1,600	-	2,100
Repayment of notes payable to related parties	(26,068)	(18,000)	(44,068)
Repayment of notes payable to stockholders	(5,720)	-	(25,210)
Notes payable to stockholders	781,220	273,500	1,427,710
Net cash flows provided by financing activities:	751,032	255,500	2,155,666
Net change in cash and cash equivalents	7,114	24,524	7,122
Cash and cash equivalents- beginning of period	8	4,185	-
Cash and cash equivalents- end of period	$ 7,122	$ 28,709	$ 7,122
Supplemental disclosure of non-cash activities:			
Cash paid during the period for:			
Interest	$ -	$ -	$ -
Income tax	$ -	$ -	$ -
Supplemental disclosure on non-cash investing and financing activities:			
Acquisition of patent rights for related party payable and common stock issuable	$ -	$ -	$ 56,600
Issuance of common stock issuable	$ -	$ -	$ 6,600
Beneficial conversion feature on convertible note	$ 416,791	$ 400,000	$ 864,604
Conversion of related party payables into notes payable	$ -	$ 356,700	$ 441,615
Conversion of short term notes payable into long term note payable	$ -	$ -	$ 240,000
Stock issued for prepaid services	$ 1,741,800	$ -	$ 1,741,800
Stock issued for satisfaction of related party payables	$ 30,000	$ -	$ 30,000
Conversion of related party notes payable and interest into stock	$ 236,393	$ -	$ 236,393

See accompanying notes to unaudited condensed consolidated financial statements

DISCOUNT DENTAL MATERIALS, INC. AND SUBSIDIARY
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED MARCH 31, 2014 AND 2013

Overview

Discount Dental Materials, Inc., a development stage company ("Discount Dental" or "Company"), was incorporated on December 18, 2007 under the laws of Nevada. The Company is a developmental stage biomedical company and through its wholly-owned subsidiary, Cerebain Biotech Corp., the Company's business revolves around the development of products for the treatment of Alzheimer's disease utilizing Omentum. The Company's planned products include both a medical device solution as well as a synthetic drug solution.

Cerebain Biotech Corp. was incorporated on February 22, 2010, in the State of Nevada, as Cerebain Biotech Corp.

On January 17, 2012, the holders of a majority of Discount Dental's common stock entered into a Stock Purchase Agreement with Cerebain Biotech Corp., a Nevada corporation, under which Cerebain agreed to purchase an aggregate of 3,800,000 shares of its common stock from those shareholders in exchange for $296,000. These shares represent approximately 90% of Discount Dental's outstanding common stock (after taking into account the cancellation of 6,000,000 shares of Discount Dental's common stock by R. Douglas Barton under the Spinoff Agreement as discussed herein). The transaction closed February 9, 2012. Concurrently with the close of the transaction, Discount Dental closed a transaction with the shareholders of Cerebain whereby it issued 4,556,800 shares of Discount Dental's common stock in exchange for 22,784,000 shares of Cerebain's common stock, which represented 100% of Cerebain's outstanding common stock. In addition, concurrent with these two transactions, Discount Dental closed a transaction with its primary shareholder, Mr. R. Douglas Barton, whereby Discount Dental sold all of its assets in exchange for Mr. Barton assuming all of our then-existing liabilities, as well as the return of 6,000,000 shares of Discount Dental's common stock.

As a result of these transactions: (i) Cerebain became Discount Dental's wholly-owned subsidiary, (ii) all of its officers and one of its directors resigned immediately, and Discount Dental appointed one new director and retained new executive officers; and (iii) Discount Dental changed its business focus from one selling disposable dental supply products at discount prices over the Internet to one focusing on researching, developing, and testing medicinal treatments utilizing Omentum under a patent Cerebain, its now wholly-owned subsidiary, licenses from Dr. Surinder Singh Saini, MD.

Discount Dental's only operations are conducted through its wholly-owned subsidiary, Cerebain. In accordance with financial reporting for reverse merger transactions the financial reporting contained herein is only that of Cerebain and does not include Discount Dental's financial results.

NOTE 1 – ORGANIZATION AND PRINCIPAL ACTIVITIES

The financial statements as of March 31, 2014 and for the three and nine months ended March 31, 2014 and 2013 have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period. They do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these financial statements should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended June 30, 2013 included on Form 10-K/A filed with the Securities and Exchange Commission on October 4, 2013.

NOTE 2 – BASIS OF PRESENTATION

The Company operates in one segment in accordance with accounting guidance Financial Accounting Standards Board ("FASB") ASC Topic 280, *Segment Reporting*. Our Principal Executive Officer has been identified as the chief operating decision maker as defined by FASB ASC Topic 280.

The Accounting Standards Codification ("Codification" or "ASC") is the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"). Rules and interpretive releases of the Securities and Exchange Commission ("SEC") issued under authority of federal securities laws are also sources of GAAP for SEC registrants.

Description of Business

Development Stage Company

The Company is a development stage company as defined by ASC section 915-10-20. Although the Company's planned principal operations have commenced it is still devoting substantially all of its efforts on establishing the business. All losses accumulated since inception has been considered as part of the Company's development stage activities.

Fiscal year end

The Company's fiscal year end is June 30.

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. The Company had a deficit accumulated during the development stage of $5,185,080 and $2,786,029 at March 31, 2014 and June 30, 2013, respectively, and had a net loss of $2,399,051 and $522,274 for the nine months ended March 31, 2014 and 2013, respectively, and net cash used in operating activities of $743,918 and $230,976 for the nine months ended March 31, 2014 and 2013, respectively, with no revenue earned since inception. These matters, among others, raise substantial doubt about our ability to continue as a going concern.

While the Company is attempting to commence operations and generate revenues, the Company's cash position may not be significant enough to support the Company's daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate revenues.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States and have been consistently applied in the preparation of the financial statements.

Use of Estimates

The preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of net sales and expenses during the reported periods. Actual results may differ from those estimates and such differences may be material to the financial statements. The more significant estimates and assumptions by management include among others: useful lives and residual values of long-lived assets, the valuation of equity instruments and the valuation of warrants and options. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of Discount Dental Materials, Inc. and its wholly-owned subsidiary, Cerebain Biotech Corp. (collectively hereinafter referred to as the "Company"). There are no material intercompany transactions.

Revenue Recognition

The Company expects to recognize revenues in accordance with the guidelines of the Securities and Exchange Commission ("SEC") Staff Accounting Bulletin ("SAB") No. 104 "Revenue Recognition".

Under SAB 104, four conditions must be met before revenue can be recognized: (i) there is persuasive evidence that an arrangement exists, (ii) delivery has occurred or service has been rendered, (iii) the price is fixed or determinable, and (iv) collection is reasonably assured.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of six months or less to be cash equivalents. Accounts held at U.S. financial institutions are insured by the FDIC up to $250,000. Cash balances could exceed insured amounts at any given time, however, the Company has not experienced any such losses.

Income Taxes

The Company is subject to income taxes in the U.S. Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. In accordance with FASB ASC Topic 740, *"Income Taxes,"* the Company provides for the recognition of deferred tax assets if realization of such assets is more likely than not.

The Company accounts for income tax under the provisions of FASB ASC Topic 740, *"Income Taxes"*, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of the events that have been included in the financial statements or tax returns. Deferred income taxes are recognized for all significant temporary differences between tax and financial statements bases of assets and liabilities. Valuation allowances are established against net deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Advertising Costs

Advertising costs are recorded as general and administrative expenses when they are incurred. Advertising costs charged to operations were $127,790 and $340 for the nine months ended March 31, 2014 and 2013, respectively, and $40,681 and $340 for the three months ended March 31, 2014 and 2013, respectively, and are included in marketing costs in the accompanying consolidated statements of operations..

Research and Development

The Company expenses the cost of research and development as incurred. Research and development costs charged to operations were $177,160 and $108,500 for the nine months ended March 31, 2014 and 2013, respectively, and none for the three months ended March 31, 2014 and 2013, respectively, and are included in research and development costs in the accompanying consolidated statements of operations.

Long-lived Assets

The Company's long-lived assets and other assets (consisting of property and equipment and purchased intangible assets with finite useful lives) are reviewed for impairment in accordance with the guidance of the FASB Topic ASC 360, "*Property, Plant, and Equipment",* and FASB ASC Topic 205 "*Presentation of Financial Statements*". The Company tests for impairment losses on long-lived assets used in operations whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. Impairment evaluations involve management's estimates on asset useful lives and future cash flows. Actual useful lives and cash flows could be different from those estimated by management which could have a material effect on our reporting results and financial positions. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. Through March 31, 2014, the Company had not experienced impairment losses on its long-lived assets. However, there can be no assurances that demand for the Company's products or services will continue, which could result in an impairment of long-lived assets in the future.

Convertible Debt

In accordance with ASC Topic 470-20, "*Debt with Conversion and Other Options*", conventional convertible debt is a financial instrument in which the holder may only realize the value of the conversion option by exercising the option and receiving the entire proceeds in a fixed number of shares or the equivalent amount of cash. Conventional convertible debt with a non-detachable conversion feature that does not contain a cash settlement option, and is not accounted for as a derivative, is recorded as a debt instrument in its entirety.

Non-Cash Equity Transactions

Shares of equity instruments issued for non-cash consideration are recorded at the fair value of the consideration received based on the market value of services to be rendered, or at the value of the stock given, considered in reference to contemporaneous cash sale of stock.

Accounting for Derivative Financial Instruments

The Company evaluates stock options, stock warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under the relevant sections of ASC Topic 815-40, "*Derivative Instruments and Hedging: Contracts in Entity's Own Equity*" ("ASC Topic 815-40"). The result of this accounting treatment could be that the fair value of a financial instrument is classified as a derivative instrument and is marked-to-market at each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income or other expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815-40 are reclassified to a liability account at the fair value of the instrument on the reclassification date.

Fair Value of Financial Instruments

The Company applies the provisions of accounting guidance, FASB Topic ASC 825 that requires all entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet, for which it is practicable to estimate fair value, and defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. As of March 31, 2014, and June 30, 2013, the fair value of cash, prepaid expenses, accounts payable, related party payables, and notes payable to stockholders approximated carrying value due to the short maturity of the instruments, quoted market prices or interest rates which fluctuate with market rates.

Fair Value Measurements

FASB ASC Topic 825 "Financial Instruments," requires disclosure about fair value of financial instruments.

The FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in these securities. These inputs are summarized in the three broad levels listed below.

- Level 1 – observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.).
- Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments).

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared.

Concentrations, Risks, and Uncertainties

The Company is a startup company subject to the substantial business risks and uncertainties inherent to such an entity, including the potential risk of business failure.

Basic and Diluted Earnings Per Share

Basic earnings (loss) per share is based on the weighted-average number of shares of common stock outstanding. Diluted earnings (loss) per share is based on the weighted-average number of shares of common stock outstanding adjusted for the effects of common stock that may be issued as a result of the following types of potentially dilutive instruments:

- Warrants,
- Convertible notes,
- Employee stock options, and
- Other equity awards, which include long-term incentive awards.

The FASB ASC Topic 260, *Earnings Per Share*, requires the Company to include additional shares in the computation of earnings per share, assuming dilution. The additional shares included in diluted earnings per share represent the number of shares that would be issued if all of the Company's outstanding dilutive instruments were converted into common stock.

Diluted earnings per share are based on the assumption that all dilutive options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options, warrants, and convertible notes are assumed to be exercised at the time of issuance, and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Basic and diluted earnings (loss) per share are the same since the Company had net losses for all periods presented and including the additional potential common shares would have an anti-dilutive effect.

Recent Accounting Pronouncements

The Company has evaluated new accounting pronouncements that have been issued and are not yet effective for the Company and determined that there are no such pronouncements expected to have an impact on the Company's future financial statements.

Reclassifications

Certain reclassifications have been made to the condensed consolidated financial statements for prior periods in order to conform to the current period presentation.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Employment Agreements

On June 15, 2013, the Company entered into an employment agreement with Eric Clemons. Under the terms of the agreement, Mr. Clemons shall be paid an annual salary of One Hundred Fifty-Six Thousand Dollars ($156,000.00), shall be entitled to a bonus of $40,000 upon delivery to the company of a prototype medical device from Sonos Models Inc., and should he be responsible for DDOO consolidating with or merge into another corporation or convey all or substantially all of its assets to another corporation, will receive a cash bonus calculated using a Lehman formula of 5% for the first $1,000,000, 4% for the second $1,000,000, 3% for the third $1,000,000, 2% for the fourth $1,000,000, and 1% thereafter. In addition, the Company has issued Mr. Clemons an option to acquire up to 1,000,000 Shares of our Common Stock, fully paid and non-assessable at an exercise price of $0.50 per share subject to a vesting schedule. On August 30, 2013, the Company entered into an addendum to this agreement in which Mr. Clemons will be entitled to a stock award of 250,000 shares of our common restricted stock if, within 24 months, there is a reorganization of the company. Mr. Clemons has agreed to defer the aforementioned annual salary and accept a consulting fee for the same amount.

On June 15, 2013, the Company entered into an employment agreement with Wesley Tate. Under the terms of the agreement, Mr. Tate shall be paid an annual salary of One Hundred Five Thousand Dollars ($105,000.00) and shall be entitled to a bonus of $20,000 upon delivery to the company of a prototype medical device form Sonos Models, Inc. In addition, the Company has issued Mr. Tate an option to acquire up to 500,000 Shares of our Common Stock, fully paid and non-assessable at an exercise price of $0.50 per share subject to a vesting schedule. On August 30, 2013, the Company entered into an addendum to this agreement in which Mr. Tate will be entitled to a stock award of 250,000 shares of our common restricted stock if, within 24 months, there is a reorganization of the company. Mr. Tate has agreed to defer the aforementioned annual salary and accept a consulting fee for the same amount. On April 1, 2014, the Company entered into an addendum to this agreement in which Mr. Tate shall be entitled to a stock award of 250,000 DDOO common restricted shares representing a retention bonus as an incentive for him to remain in the employment of the Company.

On June 1, 2013, the Company entered into a consulting agreement with Gerald DeCiccio. Under the terms of the agreement, Mr. DeCiccio will be paid a cash retainer of $5,000 per quarter, payable at the beginning of a quarter; $1,000 per major committee meeting as contemplated in the respective committee charter, payable at the beginning of the subsequent quarter; $2,500 per quarter, payable at the beginning of a quarter, for Chairman of the Audit Committee; and $1,000 per quarter, payable at the beginning of a quarter, for Chairman of any other board committee. In addition, he will also be issued 100,000 DDOO common restricted shares annually. The first issuance of 100,000 shares was on the Effective Date of this Agreement. Additional issuances will be made each year on January 1 thereafter. These shares will be fully vested on the date issued. On August 30, 2013, the Company entered into an addendum to this agreement in which Mr. DeCiccio will be entitled to a stock award of 250,000 shares of our common restricted stock if, within 24 months, there is a reorganization of the company.

Contracts

On September 24, 2012, the Company entered into an agreement with medical device product development company Sonos Models, Inc. ("Sonos") to build up to three medical device prototypes to be used for testing. The agreement calls for a total cash payment of up to $400,000 and the issuance of warrants to purchase up to 650,000 shares of the Company's common stock, with the cash payments and warrants to be issued in stages once certain developmental thresholds are achieved. Any warrants issued under this agreement will be immediately exercisable, will be eligible for cashless exercise at the option of the holder and will have a term of three years from the date of the issuance and an exercise price based on the fair market value of the stock on the date of completion of the phase (See Note 8). On April 1, 2014, the Company entered into an addendum to the agreement with Sonos. The following constitutes the modifications made to the Scope of Work section of the original agreement:

> *Sonos shall receive 3,250,000 restricted shares of the company's common stock for Services provided to the company. Specific services shall be those services originally identified in the Sonos Agreement as Phase 5 – Testing of the device; Phase 6 – Refinements, changes and CAD modeling updates of the design. Refinements and changes made to 3D CAD documentation based on what is learned from testing in Phase 5; and Phase 7- Production or make changes to the device as necessary. The warrants that were to be issued for Phase 4 will not be issued and are hereby null and void.*
>
> *In addition, the Company shall commit to pay Sonos up to One Million Dollars ($1,000,000) for Research and Development costs. Said costs to include, but not limited to, manufacturing, testing, refinements and changes to the medical device.*

Consulting Agreements

The Company had a consulting agreement with its officer, director, and stockholder under which he was compensated $5,000 per month, plus medical benefits. This contract, as amended on January 1, 2012, was for twenty-four (24) months beginning January 2012 ("Initial Term"), automatically renewable for two (2) successive twelve (12) month terms after the Initial Term ("Renewal Term"), and terminable with six month notice during the Renewal Term. On January 18, 2013, the contract was terminated by both parties, notwithstanding the aforementioned termination provisions, with no additional costs owed subsequent to December 31, 2012. The amount of $116,700 owed under the contract as of December 31, 2012 was converted into a note payable (see Note 6).

The Company has a consulting agreement with a stockholder to provide accounting and administrative support, under which she is compensated $1,500 per month. This contract was for twelve (12) months beginning September 2010 ("Initial Term"), automatically renewable for one (1) successive twelve (12) month term after the Initial Term ("Renewal Term"), and terminable with six month notice during the Renewal Term. This contract is currently on a month to month basis and can be terminated given 30 days written notice.

In addition, the Company had consulting agreements with two (2) of its stockholders, under which the Company compensated each of these stockholders $10,000 per month plus medical benefits. These contracts, as amended on January 1, 2012, were for twenty-four (24) months beginning January 2012 ("Initial Term"), automatically renewable for two (2) successive twelve (12) month terms after the Initial Term ("Renewal Term"), and terminable with six month notice during the Renewal Term. On January 18, 2013, these contracts were terminated by both parties, notwithstanding the aforementioned terminable conditions, with no additional costs owed subsequent to December 31, 2012. The amounts totaling $240,000 owed under these contracts as of December 31, 2012 were converted into a note payable (see Note 6).

The Company has a consulting agreement with an individual to provide assistance in the marketing of the company's biomedical products, under which he is compensated $225 per hour and an engagement fee of 25,000 shares of the Company's common stock. This contract is for twelve (12) months beginning March 2013, and may be renewed or extended for any period as may be agreed by the parties. Either party may terminate this agreement by providing the other with thirty (30) days written notice of such termination. This contract was terminated on October 1, 2013.

The Company has a consulting agreement with an individual to provide assistance in the introduction of the company to medical device testing organization and to facilitate access to doctors in Uzbekistan, under which he is compensated 250,000 shares of the Company's common stock. This contract is for twelve (12) months beginning April 2013, and may be renewed or extended for any period as may be agreed by the parties. On November 21, 2013, the Company executed an addendum to this contract for the facilitation of government approval for human testing in Uzbekistan for which the consultant was compensated an additional 250,000 shares of the Company's common stock. Either party may terminate this agreement by providing the other with thirty (30) days written notice of such termination. As this contract is for a period of twelve months, the Company recorded the $55,000 value of the shares issued for the addendum as a prepaid expense and will amortize the expense associated with these issuances over a twelve month period.

The Company has an engagement agreement with a company to provide financial advisor services, under which they are paid an engagement fee of $45,000 and 25,000 shares of the Company's common stock. This contract was for six (6) months beginning March 2013, unless extended by mutual written consent or earlier terminated. This contract was not renewed. In December 2013, the Company issued 75,000 shares of additional common stock as payment for $7,500 of remaining related to these accounts payable consulting service invoice (See Note 7).

The Company has consulting agreements with four individuals to provide assistance in the marketing of its biomedical products, under which they are compensated an aggregate 1.6 million shares of the Company's common stock. These contracts are for twelve (12) months beginning July 2013 ("Initial Term"), and may be renewed or extended for any period as may be agreed by the parties. Any of the parties may terminate their respective agreement by providing thirty (30) days written notice of such termination. As these contracts are for a period of twelve months, the Company recorded the $1,024,000 value of the shares issued as a prepaid expense and will amortize the expense associated with these issuances over a twelve month period.

The Company has a consulting agreement with an individual to provide assistance in the marketing of its biomedical products, under which he is compensated 250,000 shares of the Company's common stock. In addition, upon the successful introduction of the company to Investment Banking Firms, the Consultant shall receive 250,000 warrants, cashless, at $0.50 per share, 3 year term. This contract is for twelve (12) months beginning July 2013 ("Initial Term"), and may be renewed or extended for any period as may be agreed by the parties. Either party may terminate this agreement by providing the other with thirty (30) days written notice of such termination. As this contract is for a period of twelve months, the Company recorded the $155,000 value of the shares issued as a prepaid expense and will amortize the expense associated with these issuances over a twelve month period.

On August 12, 2013, the Company entered into an Advertising Contract with an organization in which they will provide advertising services to the company for a twelve month marketing campaign, beginning August 12, 2013 and ending on August 12, 2014. In exchange for these services the company agreed to pay said organization a total of $125,000, with $20,000 due on August 14, 2013, and the remaining $105,000 payable in eleven equal monthly payments of $9,545, due the 12th of each month, beginning on September 12, 2013; and issue them a total of 150,000 shares of our common stock, restricted in accordance with Rule 144, with piggy back registration rights. As of March 31, 2014, the Company is in arrears $10,000 and is in discussions with the consultant to restructure the terms of the contract. As this contract is for a period of twelve months, the Company recorded the $93,000 value of the shares issued as a prepaid expense and will amortize the expense associated with these issuances over a twelve month period.

The Company has a consulting agreement with an individual to provide assistance in the introduction of the company to medical device testing organization and to facilitate access to doctors in Poland, under which he is compensated 250,000 shares of the Company's common stock. This contract is for twelve (12) months beginning October 2013, and may be renewed or extended for any period as may be agreed by the parties. Either party may terminate this agreement by providing the other with thirty (30) days written notice of such termination. As this contract is for a period of twelve months, the Company recorded the $67,000 value of the shares issued as a prepaid expense and will amortize the expense associated with these issuances over a twelve month period.

The Company has a consulting agreement with an individual to provide assistance in the marketing of the company's biomedical products, under which he is compensated $3,500 per month. This contract is for twelve (12) months beginning October 2013, and may be renewed or extended for any period as may be agreed by the parties. Either party may terminate this agreement by providing the other with thirty (30) days written notice of such termination.

The Company has a consulting agreement with an individual to provide assistance in the marketing of the Company's biomedical products, under which he is compensated $2,000 per month and an engagement fee of approximately $4,000. This contract is for twelve (12) months beginning October 2013, and may be renewed or extended for any period as may be agreed by the parties. Either party may terminate this agreement by providing the other with thirty (30) days written notice of such termination.

The Company has a consulting agreement with an individual to provide assistance in the marketing of the Company's biomedical products, under which she is compensated $1,500 per month. This contract is for twelve (12) months beginning October 2013, and may be renewed or extended for any period as may be agreed by the parties. Either party may terminate this agreement by providing the other with thirty (30) days written notice of such termination.

The Company has a consulting agreement with an individual to provide assistance in the introduction of the company to medical device testing organization and to facilitate access to doctors in China, under which he is compensated 250,000 shares of the Company's common stock. This contract is for twelve (12) months beginning January 2014, and may be renewed or extended for any period as may be agreed by the parties. Either party may terminate this agreement by providing the other with thirty (30) days written notice of such termination. As this contract is for a period of twelve months, the Company recorded the $37,500 value of the shares issued as a prepaid expense and will amortize the expense associated with these issuances over a twelve month period.

The Company has consulting agreements with three individuals to provide assistance in the marketing of its biomedical products, under which they are compensated an aggregate 420,000 shares of the Company's common stock. These contracts are for twelve (12) months beginning February 2014 ("Initial Term"), and may be renewed or extended for any period as may be agreed by the parties. Any of the parties may terminate their respective agreement by providing thirty (30) days written notice of such termination. As these contracts are for a period of twelve months, the Company recorded the $79,800 value of the shares issued as a prepaid expense and will amortize the expense associated with these issuances over a twelve month period.

The Company has a consulting agreement with an individual to provide assistance in the marketing of its biomedical products, under which he is compensated and engagement fee of 250,000 shares of the Company's common stock and $6,000 per month. This contract is for three (3) months beginning February 2014 ("Initial Term"), and may be renewed or extended for any period as may be agreed by the parties. Either party may terminate this agreement by providing the other with thirty (30) days written notice of such termination. As this contract is for a period of three months, the Company recorded the $47,500 value of the shares issued as a prepaid expense and will amortize the expense associated with these issuances over a three month period. As of March 31, 2014, the Company has paid the consultant $3,000. The remaining services and payments have been deferred pending the conclusion of the Company's Definitive 14(A) proxy vote and subsequent submission of required documentation to appropriate authority resulting from said vote.

The Company has a consulting agreement with an individual to provide assistance in the marketing of its biomedical products, under which he is compensated 250,000 shares of the Company's common stock. This contract is for twelve (12) months beginning March 2014 ("Initial Term"), and may be renewed or extended for any period as may be agreed by the parties. Either party may terminate this agreement by providing the other with thirty (30) days written notice of such termination. As this contract is for a period of twelve months, the Company recorded the $47,500 value of the shares issued as a prepaid expense and will amortize the expense associated with these issuances over a twelve month period.

The Company has a consulting agreement with an individual to provide assistance in capital markets and marketing strategies of the company's biomedical products, under which he is compensated $5,000 per month. This contract is for twelve (12) months beginning March 2014, and may be renewed or extended for any period as may be agreed by the parties. Either party may terminate this agreement by providing the other with thirty (30) days written notice of such termination.

Patent License Agreement

The Patent License agreement (see Note 5) provides for a one-time payment of $50,000 due within ninety (90) days of the date of signing of June 10, 2010 (as of the date of this filing, the one-time payment is fully paid), and a royalty payment of six (6) percent of the value of the net sales, as defined, generated from the sale of licensed products. The agreement also provides for yearly minimum royalty payments of $50,000 for each of the fourth, fifth, and sixth anniversary of the date of the agreement, and a yearly minimum royalty payment of $100,000 for each year thereafter during the term of the agreement. The term of the agreement shall continue until the patent in the intellectual property expires, unless terminated sooner under the provisions of the agreement, as defined.

Legal

The Company is not involved in any legal matters arising in the normal course of business. While incapable of estimation, in the opinion of the management, the individual regulatory and legal matters in which it might involve in the future are not expected to have a material adverse effect on the Company's financial position, results of operations, or cash flows.

NOTE 5 – PATENT RIGHTS

On June 10, 2010, the Company entered into a Patent License Agreement under which the Company acquired the exclusive rights to certain intellectual property related to using Omentum for treating dementia conditions. Under the agreement the Company paid rights fees of $50,000 to Dr. Saini, and the Company issued Dr. Saini 8,250,000 shares of our common stock, valued at $6,600 (based on the fair market value on the date of grant) restricted in accordance with Rule 144. As a result Dr. Saini became our largest shareholder. In addition, Dr. Saini will have the option to participate in the sale of equity by the Company in the future, up to ten percent (10%) of the money raised, in exchange for the applicable number of his shares.

The patent will have an estimated useful life of 20 years based on the term of the patent. Amortization of the patent will begin when the patent is issued by the United States Patent and Trademark Office and put in use.

Through March 31, 2014, the Company has paid legal fees totaling $30,217 related to the patent.

NOTE 6 – NOTES PAYABLE TO STOCKHOLDERS

Short Term Note Payable

On June 30, 2013, the Company converted $84,915 of related party payables owed under consulting agreements, into related party notes payable. The notes matured on December 31, 2013 and accrued interest at two (2.0) percent per annum at maturity. As of March 31, 2014, the outstanding balance of the related party payables is $66,947. The Company and noteholders have agreed to extend the terms of these notes.

On January 18, 2013, the Company converted $356,700 of related party payables owed under consulting agreements, into related party notes payable. The notes were scheduled to mature on December 31, 2013 and accrued interest at seven and one-half (7.5) percent per annum at maturity. However, on December 30, 2013, the Company converted $219,700 of related party notes payable to equity. As of March 31, 2014, the outstanding balance of the related party notes payable is $113,000. The Company is currently in default and is in discussions with the noteholder to restructure the terms of the note.

Long Term Note Payable

The following Table summarizes the long term notes payable:

Contracts	Date	Amount	Type Notes
CN #1	June 14, 2013	$ 25,000	Convertible Note Payable
CN #2	September 16, 2013	12,500	Convertible Note Payable
CN #3	November 11, 2013	10,000	Convertible Note Payable
CN #4	February 26, 2014	1,245,000	Consolidated Convertible Note Payable
CN #5	March 7, 2014	10,000	Convertible Note Payable
CN #6	March 14, 2014	100,000	Convertible Note Payable
	Total Convertible Notes	1,402,500	
	Debt Discount	(414,997)	
	Total Long Term Liability	987,503	

Convertible Note Payable

(CN #6) On March 14, 2014, the Company entered into an unsecured $100,000 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the note, it matures March 2016, accrues interest at 7.5% per annum beginning April 1, 2014, is convertible into shares of our common stock at $0.20 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares.

(CN #5) On March 7, 2014, the Company entered into an unsecured $10,000 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the note, it matures March 2016, accrues interest at 7.5% per annum beginning April 1, 2014, is convertible into shares of our common stock at $0.20 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares.

(CN #3) On November 11, 2013, the Company entered into an unsecured $10,000 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the note, it matures November 11, 2015, accrues interest at 7.5% per annum beginning December 1, 2013, is convertible into shares of our common stock at $0.20 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. The Note had a beneficial conversion feature valued at $10,000, which was recorded as a debt discount against the face amount of the Note, which is being accreted to interest expense over the 24 month term of the. The Company used a recent sale of stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature.

(CN #2) On September 16, 2013, the Company entered into an unsecured $12,500 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the note, it matures September 2015, accrues interest at 7.5% per annum beginning October 1, 2013, is convertible into shares of our common stock at $0.20 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. The Note had a beneficial conversion feature valued at $12,500, which was recorded as a debt discount against the face amount of the Note, which is being accreted to interest expense over the 24 month term of the Note. The Company used a recent sale of stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature.

(CN #1) On June 4, 2013, the Company entered into an unsecured $25,000 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the note, it matures June 2015, accrues interest at 8.0% per annum beginning July 1, 2013, is convertible into shares of our common stock at $0.50 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares.

Consolidated Convertible Note Payable

The following Table summarizes the consolidated notes payable:

Notes	Date	Amount	Consolidated Notes	Additional Funds
CCN #1	July 31, 2011	$ 60,000	Not a consolidation note	$
CCN #2	October 13, 2011	100,000	Not a consolidation note	
CCN #3	February 1, 2012	80,000	Not a consolidation note	
CCN #4	June 12, 2012	75,000	Not a consolidation note	
CCN #5	June 18, 2012	240,000	Notes 1, 2, 3	-
CCN #6	July 25, 2012	100,000	Not a consolidation note	
CCN #7	August 30, 2012	60,000	Not a consolidation note	
CCN #8	November 1, 2012	235,000	Notes 4, 6, 7	
CCN #9	December 27, 2012	10,000	Not a consolidation note	
CCN #10	March 14, 2013	600,000	Notes 5, 8, 9 plus additional funds	115,000
CCN #11	July 10, 2013	120,000	Not a consolidation note	
CCN #12	August 13, 2013	50,000	Not a consolidation note	
CCN #13	October 16, 2013	970,000	Notes 10, 11, 12 plus additional funds	200,000
CCN #14	December 20, 2013	200,000	Not a consolidation note	
CCN #15	February 26, 2014	1,245,000	Notes 13, 14 plus additional funds	75,000

To properly account for certain Convertible Promissory Notes, the Company performed a detailed analysis to obtain a thorough understanding of the transactions, including understanding the terms of each instrument issued, and any related derivatives entered into. The Company first reviewed ASC Topic 815, to identify whether any equity-linked features in the Notes are freestanding or embedded. The Company determined that there were no free standing features. The Notes were then analyzed in accordance with Topic 815 to determine if the Note should be accounted for at fair value and remeasured at fair value in income. The Company determined that the Notes did not meet the requirements of Topic 815 and therefore accounted for the Notes as conventional debt. The Company then reviewed ASC Topic 470-20, and determined that some of Notes met the criteria of a conventional convertible note and that the Note had a beneficial conversion feature, which was recorded as a debt discount against the face amount of the Note, indicated above.

(CN #4) (CNN #15) On February 26, 2014, the Company entered into an unsecured $1,245,000 principal amount convertible promissory note with a non-affiliate stockholder. The Consolidation Note was a consolidation of the foregoing CNN #13 and CNN #14 Promissory and Convertible Notes totaling $1,170,000 with the same Noteholder. Such notes were voided as a result, however, the accrued interest on such notes was still owed and included with the accrued interest of the Consolidation Note until paid. The Company received additional funds totaling $75,000 under the Consolidation Note. Under the terms of the Consolidation Note, it matures February 2016, accrues interest at 7.5% per annum beginning March 1, 2013, is convertible into shares of our common stock at $0.15 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. The Consolidation Note had a beneficial conversion feature valued at $415,000, which was recorded as a debt discount against the face amount of the Consolidation Note, which is being accreted to interest expense over the 24 month term of the Consolidation Note. The Company used a recent sale of stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature.

(CNN #14) On December 20, 2013, the Company entered into an unsecured $200,000 promissory note with a stockholder. The terms of the note have not been negotiated. On February 26, 2014 the Company structured the terms of the note with the noteholder as described above.

(CNN #13) On October 15, 2013, the Company entered into an unsecured $970,000 principal amount convertible promissory note with a non-affiliate stockholder. The Consolidation Note was a consolidation of the foregoing CNN #10, CNN #11 and CNN #12 Promissory and Convertible Notes totaling $770,000 with the same Noteholder. Such notes were voided as a result, however, the accrued interest on such notes was still owed and included with the accrued interest of the Consolidation Note until paid. The Company received additional funds totaling $200,000 under the Consolidation Note. Under the terms of the Consolidation Note, it matures October 2015, accrues interest at 7.5% per annum beginning November 1, 2013, is convertible into shares of our common stock at $0.20 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. In addition, the Company issued to the holder 500,000 shares of the company's common stock (See Note 7). The Consolidation Note had a beneficial conversion feature valued at $970,000, which was recorded as a debt discount against the face amount of the Consolidation Note, which is being accreted to interest expense over the 24 month term of the Consolidation Note. The Company used a recent sale of stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature. On February 26, 2014 the Company restructured the terms of the note with the noteholder as described above. The unamortized debt discount of $767,915 was offset against additional paid-in capital.

(CNN #12) On August 13, 2013, the Company entered into an unsecured $50,000 promissory note with a stockholder. On October 15, 2013 the Company structured the terms of the note with the noteholder as described above.

(CNN #11) On July 10, 2013, the Company entered into an unsecured $120,000 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the Note, it was scheduled to mature in July 2015, accrued interest at 7.5% per annum beginning July 1, 2013, was convertible into shares of our common stock at $0.20 per share but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock and contained piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. The Note had a beneficial conversion feature valued at $120,000, which was recorded as a debt discount against the face amount of the Note, which was being accreted to interest expense over the 24 month term of the Consolidation Note. The Company used a recent sale of restricted stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature. On October 15, 2013 the Company restructured the terms of the note with the noteholder as described above. The unamortized debt discount of $107,500 was offset against additional paid-in capital.

(CNN #10) On March 14, 2013, the Company entered into an unsecured $600,000 principal amount convertible promissory note with a non-affiliate stockholder. The Consolidation Note was a consolidation of the foregoing CNN #5, CNN #8 and CNN #9 Promissory and Convertible Notes totaling $485,000 with the same Noteholder. Such notes were voided as a result, however, the accrued interest on such notes was still owed and included with the accrued interest of the Consolidation Note until paid. The Company received additional funds totaling $115,000 under the Consolidation Note. Under the terms of the Consolidation Note, it was scheduled to mature in July 2014, accrued interest at 7.5% per annum beginning March 1, 2013, was convertible into shares of our common stock at $0.30 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contained piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. The Consolidation Note had a beneficial conversion feature valued at $400,000, which was recorded as a debt discount against the face amount of the Consolidation Note, which was being accreted to interest expense over the 17 month term of the Consolidation Note. The Company used a recent sale of restricted stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature. On October 15, 2013 the Company restructured the terms of the note with the noteholder as described above. The unamortized debt discount of $235,294 was offset against additional paid-in capital.

(CNN #9) On December 27, 2012, the Company entered into an unsecured $10,000 promissory note with a stockholder. On March 14, 2013 the Company structured the terms of these notes with the noteholder as described above.

(CNN #8) On November 1, 2012, the Company entered into an unsecured $235,000 principal amount consolidation promissory note with a non-affiliate stockholder. The Consolidation Promissory Note is a consolidation of the foregoing CNN #4, CNN #6 and CNN #7 promissory notes totaling $235,000 with the same Noteholder. Such notes were voided as a result, however, the accrued interest on such notes is still owed and included with the accrued interest of the Consolidation Promissory Note until paid. The Company did not receive additional funds under the Consolidation Promissory Note, as it was a consolidation of prior notes owed to Noteholder. Under the terms of the Consolidation Promissory Note, it matured January 31, 2013, and accrued interest at 7.5% per annum beginning November 1, 2012. On March 14, 2013 the Company restructured the terms of these notes with the noteholder as described above.

(CNN #7) On August 30, 2012, the Company entered into an unsecured $60,000 promissory note with the same stockholder. The terms of the note had not been negotiated as of the date of issuance. On November 1, 2013 the Company restructured the terms of these notes with the noteholder as described above.

(CNN #6) On July 25, 2012, the Company entered into an unsecured $100,000 promissory note with the same stockholder. This note matured on September 30, 2012 and accrued interest at seven and one-half (7.5) percent per annum at maturity. On November 1, 2013 the Company restructured the terms of these notes with the noteholder as described above.

(CNN #5) On June 18, 2012, the Company entered into a $240,000 principal amount convertible promissory note with a non-affiliate stockholder. The Consolidation Note is a consolidation of the foregoing CNN #1, CNN #2 and CNN #3 Promissory and Convertible Notes totaling $240,000 with the same Noteholder. Such notes were voided as a result, however, the accrued interest on such notes is still owed and included with the accrued interest of the Consolidation Note until paid. The Company did not receive additional funds under the consolidation note, as it was a consolidation of prior notes owed to Noteholder, but Noteholder has loaned the Company an additional $245,000 under the terms of separate promissory notes (non-convertible), as described above. Under the terms of the Consolidation Note, it was scheduled to mature June 2014, accrued interest at 6% per annum beginning July 1, 2012, was convertible into shares of our common stock at $0.32 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contained piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. The Consolidation Note had a beneficial conversion feature valued at $135,000, which was recorded as a debt discount against the face amount of the Consolidation Note, which was being accreted to interest expense over the 24 month term of the Consolidation Note. The Company used a recent sale of restricted stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature. On March 14, 2013 the Company restructured the terms of these notes with the noteholder as described above. The unamortized debt discount of $83,000 was offset against additional paid-in capital.

(CNN #4) On June 12, 2012, the Company entered into an unsecured $75,000 principal amount promissory note with a stockholder. This note, as amended, matured on September 30, 2012 and accrued interest beginning on the maturity date at 7.5% per annum. The Company determined that imputed interest on the note for the period from the issuance date to maturity is immaterial to the financial statements. On November 1, 2013 the Company restructured the terms of these notes with the noteholder as described above.

(CNN #3) On February 1, 2012, the Company entered into an unsecured $80,000 promissory note with the same stockholder. This note matured on April 13, 2012 and accrued interest at six (6) percent per annum. On June 18, 2012 the Company restructured the terms of these notes with the noteholder as described above.

(CNN #2) On October 13, 2011, the Company entered into a $100,000 convertible note (“Convertible Note”) with the same stockholder. The Convertible Note matured on April 13, 2012, accrued interest at six (6) percent per annum, the holder was entitled to convert at $0.32 per share into our common stock. On June 18, 2012 the Company restructured the terms of these notes with the noteholder as described above.

(CNN #1) On July 31, 2011, the Company entered into an unsecured $60,000 promissory note with a stockholder. This note matured on April 13, 2012 and accrued interest at six (6) percent per annum at maturity. On June 18, 2012 the Company restructured the terms of these notes with the noteholder as described above.

Accrued interest on all notes payable to stockholders at March 31, 2014 totaled $99,769 and is included in related party payables.

As of March, 2014, future maturities of notes payable are as follows:

Fiscal year ending June 30,		
2014	$	179,947
2015	$	47,500
2016		1,355,000
Total	$	1,582,447

NOTE 7 – STOCK TRANSACTIONS

On December 31, 2013 the Company issued 1,575,952 shares of common stock to individuals as payment for related party notes and interest payable. The aggregate Fair Market Value of these shares was $236,393 as the agreed price was $0.15 per share. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On December 11, 2013 the Company issued 500,000 shares of common stock to an individual as payment for financing fees per contract dated October 2013. The aggregate Fair Market Value of these shares was $135,000 as the fair market value of the stock was $0.27 per share. For the three and nine-month periods ended March 31, 2014, the Company recognized an expense of $16,875 and $33,750, respectively. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On December 11, 2013 the Company issued 75,000 shares of common stock to individuals as payment for an outstanding accounts payable consulting service invoice. The aggregate Fair Market Value of these shares was $7,500 as the agreed price was $0.10 per share. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On December 11, 2013 the Company issued 500,000 shares of common stock to individuals as payment for consulting services per contracts dated October and November 2013. The aggregate Fair Market Value of these shares was $122,500 as the fair market value of the stock was $0.27 and $0.22 per share, respectively. For the three and nine-month periods ended March 31, 2014, the Company recognized an expense of $30,625 and $61,250, respectively. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On August 27, 2013 the Company issued 400,000 shares of common stock to individuals as payment for consulting services per contracts dated July and August 2013. The aggregate Fair Market Value of these shares was $248,000 as the fair market value of the stock was $0.62 per share. For the three and nine-month periods ended March 31, 2014 the Company recognized an expense of $62,000 and $186,000 respectively. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On July 23, 2013 the Company issued 1.6 million shares of common stock to individuals as payment for consulting services per contracts dated July 2013. The aggregate Fair Market Value of these shares was $1,024,000 as the fair market value of the stock was $0.64 per share. For the three and nine-month periods ended March 31, 2014 the Company recognized an expense of $256,000 and $768,000, respectively. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

In 2013 the Company issued 25,000 shares of common stock to an individual as payment for consulting services per contract dated March 2013. The company recognized an expense of $10,000 as the fair market value of the shares was $0.40 per share. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

In 2013 the Company issued 100,000 shares of common stock to an individual as payment for consulting services per contract dated June 2013. The company recognized an expense of $100,000 as the fair market value of the shares was $1.00 per share. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

In 2013 the Company issued 250,000 shares of common stock to an individual as payment for consulting services per contract dated April 2013. The company recognized an expense of $182,500 as the fair market value of the shares was $0.73 per share. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

In 2013 the Company issued 25,000 shares of common stock to an individual as payment for consulting services per contract dated March 2013. The company recognized an expense of $19,500 as the fair market value of the shares was $0.78 per share. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

NOTE 8 – OPTIONS AND WARRANTS

Options

On June 15, 2013, the Company entered into an employee agreement with Eric Clemons. The agreement calls for an issuance of options to purchase up to 1,000,000 shares of the Company's common stock at an exercise price of $0.50 per share, subject to a vesting schedule. Fair Market Value of these options was approximately $821,675. As of March 31, 2014, 200,000 options to purchase the Company's common stock have vested. For the nine-month periods ended March 31, 2014 and 2013, the Company recognized an expense of $123,252 and $0, respectively and for the period from inception through March 31, 2014 has recognized a total expense of $287,587. For the three month periods ended March 31, 2014 and 2013, the Company recognized an expense of $41,084 and $0, respectively.

On June 15, 2013, the Company entered into an employee agreement with Wesley Tate. The agreement calls for an issuance of options to purchase up to 500,000 shares of the Company's common stock at an exercise price of $0.50 per share, subject to a vesting schedule. Fair Market Value of these options was approximately $410,825. As of March 31, 2014, 100,000 options to purchase the Company's common stock have vested. For the nine-month periods ended March 31, 2014 and 2013, the Company recognized an expense of $61,623 and $0, respectively and for the period from inception through March 31, 2014 has recognized a total expense of $143,788. For the three month periods ended March 31, 2014 and 2013, the Company recognized an expense of $20,541 and $0, respectively.

The following represents a summary of the Options outstanding at March 31, 2014 and changes during the years then ended:

	2014	
	Options	**Options Average Exercise Price**
Outstanding, July 1, 2012	-	$ -
Granted	1,500,000	0.50
Exercised	-	-
Expired/Forfeited	-	-
Outstanding June 30, 2013	1,500,000	0.50
Granted	-	-
Exercised	-	-
Expired/Forfeited	-	-
Outstanding, March 31, 2014	1,500,000	$ 0.50
Exercisable at March 31, 2014	300,000	$ 0.50
Expected to be vested	1,200,000	$ 0.50

Warrants

On July 1, 2011, the Company entered into a stock purchase agreement with a third party, under which the Company issued him 25,000 restricted common shares along with warrants to purchase an additional 12,500 shares with an exercise price of $0.80 per share and are exercisable for term of two years. The warrants expired July 2013.

On May 17, 2011, the Company entered into a stock purchase agreement with a third party, under which the Company issued him 50,000 restricted common shares along with warrants to purchase an additional 25,000 shares with an exercise price of $0.80 per share and are exercisable for term of two years. The warrants expired May 2013.

On September 24, 2012, the Company entered into an agreement with medical device product development company Sonos Models, Inc. ("Sonos") to build up to three medical device prototypes to be used for testing. The agreement calls for a total cash payment of up to $400,000 and the issuance of warrants to purchase up to 650,000 shares of the Company's common stock, with the cash payments and warrants to be issued in stages once certain developmental thresholds are achieved.

Upon signing the agreement the Company issued Sonos warrants to purchase 50,000 shares of the Company's common stock, valued at $108,500 (based on the fair market value on the date of grant). The Company recognized an expense of $108,500 as Research and Development during the three month period ended September 30, 2012. The fair value was determined using Black-Scholes with a volatility of 235.32%, a risk free rate of 0.27% and 0% dividend yield, these warrants were valued at $108,000 and expensed to Research and Development. The warrants are immediately exercisable, cashless at the option of the holder, and have a term of three years and an exercise price of $0.20 per share.

On December 11, 2013, the company issued Sonos warrants to purchase 200,000 shares of the Company's common stock, valued at $65,660 (based on the fair market value of the date of grants). The Company recognized an expense of $49,200 as Research and Development during the three month period ended September 30, 2013 related to 100,000 of these warrants to be issued for completion of phases 1b and 2 during that period. The fair value was determined using Black-Scholes with a volatility of 100%, a risk free interest rate of 1.04% and 0% dividend yield. The Company recognized an additional expense of $16,460 as Research and Development during the three month period ended December 31, 2013 related to an additional 100,000 warrants issued to Sonos for the completion of phase 3. The fair value was determined using Black-Scholes with a volatility of 100%, a risk free interest rate of 0.63% and 0% dividend yield. The warrants are immediately exercisable, cashless at the option of the holder, and have a term of three years and an exercise price of $0.20 per share.

The following represents a summary of the Warrants outstanding at March 31, 2014 and changes during the years then ended:

	2014	
	Warrants	Weighted Average Exercise Price
Outstanding, July 1, 2013	37,500	$ 0.80
Granted	50,000	0.20
Exercised	-	-
Expired/Forfeited	(25,000)	0.80
Outstanding, June 30, 2013	62,500	0.32
Granted	200,000	0.20
Exercised	-	-
Expired/Forfeited	(12,500)	0.80
Outstanding, March 31, 2014	250,000	$ 0.20
Exercisable at March 31, 2014	250,000	$ 0.20

NOTE 9 – RELATED PARTY TRANSACTIONS

Other than as set forth below, and as disclosed in Notes 4, 6, 7, and 8, the Company has not entered into or been a participant in any transaction in which a related person had or will have a direct or indirect material interest.

On January 18, 2013, the Company converted $356,700 of related party payables owed under consulting agreements (see Note 4), into related party notes payable. The notes matured on December 31, 2013 and accrued interest at seven and one-half (7.5) percent per annum at maturity. On December 30, 2013, the Company converted $219,700 of related party payables to equity. As of March 31, 2014, the outstanding balance of the related party payables is $113,000.

Included in related party payables at March 31, 2014 is $99,769 of accrued interest on notes payable to stockholders.

NOTE 10 – EARNINGS PER SHARE

FASB ASC Topic 260, *Earnings Per Share*, requires a reconciliation of the numerator and denominator of the basic and diluted earnings (loss) per share (EPS) computations.

Basic earnings (loss) per share are computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive.

The total number of potential additional dilutive options and warrants outstanding was 1,750,000 and 87,500 for the nine months ended March 31, 2014 and 2013, respectively and 1,750,000 and 87,500 for the three months ended March 31, 2014 and 2013, respectively. In addition, the convertible note converts at an exercise price of $0.20 per share of common stock. The warrants and shares underlying the convertible note were considered for the dilutive calculation but in periods where losses are reported, the weighted-average number of common stock outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

The following table sets forth the computation of basic and diluted net income per share:

	For The Nine Months ended March 31,		For The Three Months ended March 31,	
	2014	2013	2014	2013
Net loss attributable to the common stockholders	$ (2,399,051)	(522,274)	$ (818,619)	$ (168,966)
Basic weighted average outstanding shares of common stock	34,470,562	31,180,001	34,470,562	31,180,001
Dilutive effect of options and warrants			-	-
Diluted weighted average common stock and common stock equivalents	34,470,562	31,180,001	34,470,562	31,180,001
Earnings (loss) per share:				
Basic and diluted	$ (0.07)	(0.02)	$ (0.02)	$ (0.01)

NOTE 11 – SUBSEQUENT EVENTS

On April 7, 2014 the Company issued 1.17 million shares of common stock to individuals as payment for consulting services per contracts dated January, February and March 2014. The aggregate Fair Market Value of these shares was $212,300 as the fair market value of the stock was $0.15 and $0.19 per share, respectively. For the three and nine-month periods ended March 31, 2014, the Company recognized an expense of $64,950. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On April 7, 2014 the Company issued 150,000 shares of common stock to individuals as payment for an outstanding accounts payable invoice. The aggregate Fair Market Value of these shares was $22,500 as the agreed price was $0.15 per share. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On April 14, 2014, we entered into stock purchase agreements with third parties, under which we issued them 66,666 shares of our common stock, restricted in accordance with Rule 144, in exchange for $10,000. The stock purchase agreements include piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares.

On April 23, 2014, we entered into stock purchase agreements with third parties, under which we issued them 66,666 shares of our common stock, restricted in accordance with Rule 144, in exchange for $10,000. The stock purchase agreements include piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DISCLAIMER REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this Form 10-Q, which are not statements of historical fact, are what are known as "forward-looking statements," which are basically statements about the future. For that reason, these statements involve risk and uncertainty since no one can accurately predict the future. Words such as "plans," "intends," "hopes," "seeks," "anticipates," "expects," and the like, often identify such forward looking statements, but are not the only indication that a statement is a forward-looking statement. Such forward-looking statements include statements concerning our plans and objectives with respect to our present and future operations, and statements which express or imply that such present and future operations will or may produce revenues, income or profits. These and other factors may cause our actual results to differ materially from any forward-looking statement. We caution you not to place undue reliance on these forward-looking statements. Although we base these forward-looking statements on our expectations, assumptions, and projections about future events, actual events and results may differ materially, and our expectations, assumptions, and projections may prove to be inaccurate. The forward-looking statements speak only as of the date hereof, and we expressly disclaim any obligation to publicly release the results of any revisions to these forward-looking statements to reflect events or circumstances after the date of this filing.

Overview

Discount Dental Materials, Inc., a development stage company ("DDOO" or "Discount Dental"), was incorporated on December 18, 2007 under the laws of Nevada. We are a developmental stage biomedical company and through our wholly owned subsidiary, Cerebain Biotech Corp. ("Cerebain"), our business involves the discovery of products for the treatment of Alzheimer's disease utilizing Omentum. Under our current plan, our products will include both a medical device solution as well as a synthetic drug solution.

Reverse Acquisition of Cerebain

On January 17, 2012, the holders of a majority of Discount Dental's common stock entered into a Stock Purchase Agreement with Cerebain Biotech Corp., a Nevada corporation, under which Cerebain agreed to purchase an aggregate of 3,800,000 shares of its common stock from those shareholders in exchange for $296,000. These shares represent approximately 90% of Discount Dental's outstanding common stock (after taking into account the cancellation of 6,000,000 shares of Discount Dental's common stock by R. Douglas Barton under the Spinoff Agreement as discussed herein). The transaction closed February 9, 2012. Concurrently with the close of the transaction, Discount Dental closed a transaction with the shareholders of Cerebain whereby it issued 4,556,800 shares of Discount Dental's common stock in exchange for 22,784,000 shares of Cerebain's common stock, which represented 100% of Cerebain's outstanding common stock. In addition, concurrent with these two transactions, Discount Dental closed a transaction with its primary shareholder, Mr. R. Douglas Barton, whereby Discount Dental sold all of its then-existing assets to Mr. Barton in exchange for Mr. Barton assuming all of our then-existing liabilities, as well as the return of 6,000,000 shares of Discount Dental's common stock. The shares were returned by Mr. Barton and were cancelled on our books on February 9, 2012.

As a result of these transactions: (i) Cerebain became Discount Dental's wholly-owned subsidiary, (ii) all of its officers and one of its directors resigned immediately, and Discount Dental appointed one new director and retained new executive officers; and (iii) Discount Dental changed its business focus from one selling disposable dental supply products at discount prices over the Internet to one focusing on researching, developing, and testing medicinal treatments utilizing Omentum under a patent Cerebain, its now wholly-owned subsidiary, licenses from Dr. Surinder Singh Saini, MD.

Discount Dental's only operations are conducted through its wholly-owned subsidiary, Cerebain. In accordance with financial reporting for reverse merger transactions the financial reporting contained herein is only that of Cerebain and does not include Discount Dental's financial results.

Under our current business plan we intend to research, develop, and test medicinal treatments utilizing Omentum under a patent we license from Dr. Surinder Singh Saini, MD. Our management anticipates that we may form subsidiaries and affiliates to operate different drugs based on the intellectual property.

On September 24, 2012, we entered into an agreement with medical device product development company Sonos Models, Inc. ("Sonos") to research, develop, and test certain products that could be used to treat dementia utilizing Omentum. Under the agreement, Sonos will develop and build up to three medical device prototypes to be used for testing potential dementia treatments. The agreement calls for a total cash payment of up to $400,000 and the issuance of warrants to purchase up to 650,000 shares of our common stock, with the cash payments and warrants to be issued in stages once certain developmental thresholds are achieved. Additional information and terms regarding the agreement are detailed below. As a result of the agreement with Sonos and the continuing scientific experiments being conducted by Dr. Surinder Singh Saini, MD to research, develop and test medicinal treatments for dementia utilizing Omentum, we have started operations, sufficient to cease being a shell company, as defined in Rule 12b-2.

Agreement with Dr. Saini

On June 10, 2010, we entered into a Patent License Agreement with Dr. Surinder Singh Saini, MD, under which we acquired the exclusive rights to certain intellectual property related to using Omentum for treating dementia conditions. Under the agreement we paid rights fees of $50,000 to Dr. Saini, and we issued Dr. Saini 8,250,000 shares of our common stock, valued at $6,600 (based on the fair market value on the date of grant) restricted in accordance with Rule 144. As a result Dr. Saini became our largest shareholder. In addition, Dr. Saini has the option to participate in the sale of equity by us in the future, up to ten percent (10%) of the money raised, in exchange for the applicable number of his shares.

As of March 31, 2014, the Company has paid legal fees totaling $30,217 related to the patent.

Overview of Dementia and Alzheimer's Disease

Dementia (taken from Latin, originally meaning "madness") is generally referred to as a serious loss and/or decline of brain function in an animal including a human. The areas of brain function affected by dementia include memory, attention, language, problem solving and emotion. Dementia is generally considered as a progressive and non-reversible condition. Alzheimer's disease is the most common form of dementia. Alzheimer's disease is an age-related, non-reversible brain disorder that develops over a period of years. Initially, people experience memory loss and confusion, which may be mistaken for the kinds of memory changes that are sometimes associated with normal aging. However, the symptoms of Alzheimer's disease gradually lead to behavior and personality changes, a decline in cognitive abilities such as decision making and language skills, and problems recognizing family and friends. Alzheimer's disease ultimately leads to a severe loss of mental functions. These losses are related to the worsening breakdown of the connections between certain neurons in the brain responsible for memory and learning. Neurons can't survive when they lose their connections to other neurons. As neurons die throughout the brain, the affected regions begin to atrophy, or shrink. By the final stage of Alzheimer's disease, damage is widespread and brain tissue has shrunk significantly.

Causes

Many scientists generally accept that one or more of the following mechanisms are responsible for dementia:

1) accumulation of toxic materials in brain cells, which leads to death of the cells;
2) reduction of certain biological factors (e.g. Acetylcholine or ACh) in a brain; and
3) loss or reduction of blood flow in the brain.

Neurodegenerative diseases, such as Alzheimer's disease and Parkinson's disease, are the most common causes of dementia. Dementia can also be due to a stroke. In most circumstances, the changes in the brain that are causing dementia cannot be stopped or turned back.

<u>*Statistics*</u>

- *Affected population worldwide*

According to the 2010 World Alzheimer Report, it is estimated that there were 35.6 million people living with dementia worldwide in 2010. They further estimated this number is likely to nearly double every 20 years, to nearly 66 million in 2030 and 115 million in 2050.

According to the Alzheimer's Association 2013 Alzheimer's Disease Facts and Figures, with regard to Alzheimer's disease, which is the main cause of dementia, an estimated 5.2 million Americans of all ages will have Alzheimer's disease in 2013. This includes an estimated 5 million people age 65 and older and approximately 200,000 individuals under age 65 who have younger-onset Alzheimer's. About one-third of people age 85 and older (32 percent) have Alzheimer's disease.

- *Cost*

According to the 2010 World Alzheimer Report, the global cost of care for dementia will likely exceed $604 billion in 2010, or 1 percent of the world's gross domestic product (GDP). These costs include those attributed to informal care from family member or others, direct social care from professional care givers, and direct medical bills. About 70% of these costs occur in Western Europe and North America. Such costs will continue to increase drastically as the affected population of dementia increases.

According to the Alzheimer's Association 2013 Alzheimer's Disease Facts and Figures, unpaid caregivers are primarily immediate family members, buy they may be other relatives and friends. In 2012, these people provided an estimated 17.5 billion hours of unpaid care, a contribution to the nation valued at over $216 billion. Eighty percent (80%) of care provided in the community is provided by unpaid caregivers (most often family members), while fewer than ten percent (10%) of older adults receive all of their care from paid caregivers.

Current Approaches to Treating Dementia

Currently, there is no cure for dementia. Certain drugs relieve some of the disease mechanisms (primarily the causes listed as #1 and #2, above) and are often used early in the course of the disease; however, their effects in long-term progression of the disease condition are still unclear. A majority of management of dementia generally focuses on providing emotional and physical support to a patient during the progression of the disease from caregivers or in facilities. While such support is important and necessary to a patient, it is irrelevant to treatment of the disease. Accordingly, an effective method of treatment which may be able to delay the progression of the disease and/or recover damaged brain cells does not exist and remains a great need.

Omentum and its Use in Treating Dementia

<u>*Omentum Overview*</u>

The Omentum is a layer of tissue lying over internal organs (e.g. the intestines) like a blanket. Omentum has the ability to generate biological agents that nourish nerves and help them grow. When such agents identified from the Omentum were tested, they were shown to provoke the growth of new brain cells in areas of the brain affected by Alzheimer's disease. The Omentum tissue can also increase the level of Acetylcholine (ACh) whose reduction is considered as a main cause of brain cell death. Some scientists believe that the ability of the Omentum to provide this important factor (ACh) may be a key to successfully treating dementia. Additionally, the Omentum has been shown to be angiogenic (i.e. to promote new blood vessel growth) in areas of the body lacking blood flow.

Use of Omentum in Treating Dementia

Historically, doctors have utilized Omentum to treat dementia using a procedure called omental transposition. This approach involves a surgical procedure in which the Omentum is surgically lengthened into the brain through the chest, neck and behind the ear. The Omentum is then laid directly on the underlying brain. According to studies conducted by a team in the University of Nevada, School of Medicine, omental transposition not only arrested Alzheimer's disease, but also reversed it, resulting in the patient’s neurologic function being improved. Despite the promising results, this surgical procedure has not been popular because it is very invasive and therefore often causes unwanted complications to a patient, especially in the elderly. Accordingly, a less invasive procedure or a pharmaceutical approach in treatment of dementia remains a significant need.

Agreement with Sonos

In an effort to develop a less invasive procedure in the treatment of dementia, on May 16, 2012, we signed an agreement with medical device product development company Sonos Models, Inc. (“Sonos”) to assess our options for a medical device solution (“Initial Feasibility Study”).

Having completed the Initial Feasibility Study, we have established a development plan that should, within one year, produce medical device prototypes to be used in testing.

On September 24, 2012, we entered into an agreement with Sonos to build up to three medical device prototypes to be used for testing. The agreement calls for a total cash payment of up to $400,000 and the issuance of warrants to purchase up to 650,000 shares of our common stock, with the cash payments and warrants to be issued in stages once certain developmental thresholds are achieved. Any warrants issued under this agreement will be immediately exercisable, will be eligible for cashless exercise at the option of the holder and will have a term of three years from the date of the issuance and an exercise price based on the fair market value of the stock on the date of completion of the phase (See Note 8). On April 1, 2014, we entered into an addendum to the agreement with Sonos. The following constitutes the modifications made to the Scope of Work section of the original agreement:

> *Sonos shall receive 3,250,000 restricted shares of the company’s common stock for Services provided to the company. Specific services shall be those services originally identified in the Sonos Agreement as Phase 5 – Testing of the device; Phase 6 – Refinements, changes and CAD modeling updates of the design. Refinements and changes made to 3D CAD documentation based on what is learned from testing in Phase 5; and Phase 7- Production or make changes to the device as necessary. The warrants that were to be issued for Phase 4 will not be issued and are hereby null and void.*
>
> *In addition, the Company shall commit to pay Sonos up to One Million Dollars ($1,000,000) for Research and Development costs. Said costs to include, but not limited to, manufacturing, testing, refinements and changes to the medical device.*

To date, the results of the research suggest we have three options for implantable devices with a bias towards having them as non-invasive as possible. The options are comprised of two electro-stim types that have a multitude of variable test parameters that can be changed and modified externally as the testing facility conducts clinical trials on each patient. It is theorized that if a patient’s response to the Omentum stimulation is successful, the clinical facility should be able to perform various tests for the purpose of setting “markers” for the patient and then perform the standardized cognitive testing for Alzheimer’s patient with the intent of developing a testing matrix. It is our objective to test various methods and modalities with the aim of developing an enormous matrix of input to direct us to the best solution. Our goal is to be less invasive, as small as possible and as simple as possible to reach the broadest patient base. We intend to “Shape and Innovate History” as we visualize and create a solution for this debilitating disease.

Limited Operating History; Need for Additional Capital

There is very limited historical financial information about us on which to base an evaluation of our performance. We are a developmental stage company and have not generated revenues from operations. We cannot guarantee we will be successful in our business operations. Our business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources, and possible cost overruns due to increases in the cost of services. To become profitable and competitive, we must receive additional capital. We have no assurance that future financing will materialize. If that financing is not available we may be unable to continue operations.

Overview

The following management's discussion and analysis of financial condition and results of operations ("MD&A") of Cerebain includes the following sections:

- Results of Operations
- Liquidity and Capital Resources
- Capital Expenditures
- Development Stage Company
- Fiscal Year End
- Going Concern
- Critical Accounting Policies
- Recent Accounting Pronouncements
- Off-Balance Sheet Arrangements
- Inflation

Results of Operations

As a development-stage enterprise, we have had no revenues through March 31, 2014. At March 31, 2014 our cash balance was $7,122.

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013

Revenue

For the three months ended March 31, 2014 and March 31, 2013, we did not generate any revenues.

Operating expenses

Operating expenses increased by $556,253, or 469.7%, to $674,688 in the three months ended March 31, 2014 from $118,435 in the three months ended March 31, 2013 primarily due to increases in marketing costs, consultant costs, including costs related to fair value of stock and warrants issued for services and amortization of compensation costs related to stock options, and professional fees.

Operating expenses for the three months ended March 31, 2014 were comprised of marketing costs of $40,681, $500,575 in consulting services costs, compensation expense of $61,625, professional fees of $37,248, travel costs of $28,502, and other operating expenses.

Operating expenses for the three months ended March 31, 2013 were comprised of $4,530 in consulting services costs; legal and audit costs of $22,606, employee expense of $59,673, travel costs of $33,081, and other operating expenses.

Other income (expenses)

Other expense increased by $93,400, or 184.8%, to $143,931 in the three months ended March 31, 2014 from $50,531 in the three months ended March 31, 2013 primarily related to interest expenses and the accretion of recorded debt discounts related to notes payable issued throughout the year ended June 30, 2013 and in the current year to date.

Net loss before income taxes

Net loss before income taxes for the three months ended March 31, 2014 totaled $818,619 primarily due to marketing costs, consulting services costs, costs related to fair value of stock and warrants issued for services and amortization of compensation costs related to stock options, and professional fees compared to $168,966 for the three months ended March 31, 2013 primarily due to consulting services cost, legal and audit costs and travel costs.

Nine Months Ended March 31, 2014 Compared to Nine Months Ended March 31, 2013

Revenue

For the nine months ended March 31, 2014 and March 31, 2013, we did not generate any revenues.

Operating expenses

Operating expenses increased by $1,561,913, or 369.1%, to $1,985,056 in the nine months ended March 31, 2014 from $423,143 in the nine months ended March 31, 2013 primarily due to research and development, marketing and consultant costs, including costs related to fair value of stock and warrants issued for services and amortization of compensation costs related to stock options, and professional fees.

Operating expenses for the nine months ended March 31, 2014 were comprised of research and development costs of $177,160, $1,314,293 in consulting services costs; $127,789 in marketing expenses, compensation expense of $184,875, professional fees of $113,260, travel costs of $64,185, and other operating expenses.

Operating expenses for the nine months ended March 31, 2013 were comprised of research and development costs of $108,500, $99,096 in consulting services costs; employee expenses of $77,672, legal and audit costs of $47,994, travel costs of $83,501, and other operating expenses.

Other income (expenses)

Other expense increased by $314,864, or 317.6%, to $413,995 in the nine months ended March 31, 2014 from $99,131 in the nine months ended March 31, 2013 primarily related to interest expense and the accretion of recorded debt discounts related to notes payable issued throughout the year ended June 30, 2013 and in the current year to date.

Net loss before income taxes

Net loss before income taxes for the nine months ended March 31, 2014 totaled $2,399,051 primarily related to research and development costs, consulting services costs, costs related to fair value of stock and warrants issued for services and amortization of compensation costs related to stock options, and professional fees compared to $522,274 for the nine months ended March 31, 2013 primarily related to consulting services cost, legal and audit costs and travel costs.

Assets and Liabilities

Assets were $774,331 as of March 31, 2014. Assets consisted of cash of $7,122, prepaid expenses of $683,309, which includes $627,850 for the issuance of stock for consulting services and financing fees (see Note 7), and patent rights of $83,900. Liabilities were $1,356,695 as of March 31, 2014. Liabilities consisted of accounts payable of $54,589, related party payable of $134,656, notes payable to related parties of $179,947, and convertible notes to stockholders, net of debt discount, of $987,503.

Stockholders' Deficit

Stockholders' deficit was $582,364 as of March 31, 2014. Stockholder's deficit consisted of shares issued to founders and recorded as compensation in the amount of $13,900, shares issued for fundraising totaling $791,884, net of issuance costs, beneficial conversion feature associated with convertible note of $864,604, warrants issued for research and development of $174,160, stock and options issued for services of $2,751,568 and shares issued for patent rights totaling $6,600 offset by the deficit accumulated during the development stage of $5,185,080 at March 31, 2014.

Liquidity and Capital Resources

General – Overall, we had an increase in cash flows of $7,114 in the nine months ending March 31, 2014 resulting from cash used in operating activities of $743,918, offset partially by cash provided by financing activities of $751,032.

The following is a summary of our cash flows provided by (used in) operating and financing activities during the periods indicated:

	Nine Months Ended March 31,	
	2014	2013
Cash at beginning of period	$ 8	$ 4,185
Net cash used in operating activities	(743,918)	(230,976)
Net cash provided by financing activities	751,032	255,500
Cash at end of period	$ 7,122	$ 28,709

Cash Flows from Operating Activities – For the nine months ended March 31, 2014, net cash used in operations was $743,918 compared to net cash used in operations of $230,976 for the nine months ended March 31, 2013. Net cash used in operations was primarily due to a net loss of $2,399,051 for the nine months ended March 31, 2014, stock issued for services of $1,113,950, warrants issued for research and development of $65,660, amortization of stock compensation related to stock options of $184,875, accretion of debt discount of $307,676, and the changes in operating assets and liabilities of $17,028, primarily due to the decrease accounts payable and prepaid expenses.

Cash Flows from Financing Activities – Net cash flows provided by financing activities in the nine months ending March 31, 2014 was $751,032, compared to net cash provided of $255,500 in the same period in 2013. The increase in net cash provided by financing activities was mainly due to proceeds from notes payable to stockholders of $781,220, an increase of $507,720 over the same period in the prior year.

Financing – We expect that our current working capital position, together with our expected future cash flows from operations will be insufficient to fund our operations in the ordinary course of business, anticipated capital expenditures, debt payment requirements and other contractual obligations for at least the next twelve months. However, this belief is based upon many assumptions and is subject to numerous risks, and we will require additional funding in the future.

We have no present agreements or commitments with respect to any material acquisitions of other businesses, products, product rights or technologies or any other material capital expenditures. However, we will continue to evaluate acquisitions of and/or investments in products, technologies, capital equipment or improvements or companies that complement our business and may make such acquisitions and/or investments in the future. Accordingly, we may need to obtain additional sources of capital in the future to finance any such acquisitions and/or investments. We may not be able to obtain such financing on commercially reasonable terms, if at all. Due to the ongoing global economic crisis, we believe it may be difficult to obtain additional financing if needed. Even if we are able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing, or cause substantial dilution for our stockholders, in the case of equity financing.

Short Term Note Payable

On June 30, 2013, we converted $84,915 of related party payables owed under consulting agreements, into related party notes payable. The notes matured on December 31, 2013 and accrued interest at two (2.0) percent per annum at maturity. As of March 31, 2014, the outstanding balance of the related party payables is $66,947. We have agreed to extend the terms of these notes.

On January 18, 2013, we converted $356,700 of related party payables owed under consulting agreements, into related party notes payable. The notes were scheduled to mature on December 31, 2013 and accrued interest at seven and one-half (7.5) percent per annum at maturity. However, on December 30, 2013, we converted $219,700 of related party notes payable to equity. As of March 31, 2014, the outstanding balance of the related party notes payable is $113,000. We are currently in default and are in discussions with the noteholder to restructure the terms of the note.

Long Term Note Payable

The following Table summarizes the long term notes payable:

Notes	Date	Amount	Type Notes
CN #1	June 14, 2013	$ 25,000	Convertible Note Payable
CN #2	September 16, 2013	12,500	Convertible Note Payable
CN #3	November 11, 2013	10,000	Convertible Note Payable
CN #4	February 26, 2014	1,245,000	Consolidated Convertible Note Payable
CN #5	March 7, 2014	10,000	Convertible Note Payable
CN #6	March 14, 2014	100,000	Convertible Note Payable
	Total Convertible Notes	1,402,500	
	Debt Discount	(414,997)	
	Total Long Term Liability	987,503	

Convertible Note Payable

(CN #6) On March 14, 2014, we entered into an unsecured $100,000 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the note, it matures March 2016, accrues interest at 7.5% per annum beginning April 1, 2014, is convertible into shares of our common stock at $0.20 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares.

(CN #5) On March 7, 2014, we entered into an unsecured $10,000 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the note, it matures March 2016, accrues interest at 7.5% per annum beginning April 1, 2014, is convertible into shares of our common stock at $0.20 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares.

(CN #3) On November 11, 2013, we entered into an unsecured $10,000 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the note, it matures November 11, 2015, accrues interest at 7.5% per annum beginning December 1, 2013, is convertible into shares of our common stock at $0.20 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. The Note had a beneficial conversion feature valued at $10,000, which was recorded as a debt discount against the face amount of the Note, which is being accreted to interest expense over the 24 month term of the. We used a recent sale of stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature.

(CN #2) On September 16, 2013, we entered into an unsecured $12,500 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the note, it matures September 2015, accrues interest at 7.5% per annum beginning October 1, 2013, is convertible into shares of our common stock at $0.20 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. The Note had a beneficial conversion feature valued at $12,500, which was recorded as a debt discount against the face amount of the Note, which is being accreted to interest expense over the 24 month term of the Note. We used a recent sale of stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature.

(CN #1) On June 4, 2013, we entered into an unsecured $25,000 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the note, it matures June 2015, accrues interest at 8.0% per annum beginning July 1, 2013, is convertible into shares of our common stock at $0.50 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares.

Consolidated Convertible Note Payable

The following Table summarizes the consolidated notes payable:

Notes	Date	Amount	Consolidated Notes	Additional Funds
CCN #1	July 31, 2011	$ 60,000	Not a consolidation note	$
CCN #2	October 13, 2011	100,000	Not a consolidation note	
CCN #3	February 1, 2012	80,000	Not a consolidation note	
CCN #4	June 12, 2012	75,000	Not a consolidation note	
CCN #5	June 18, 2012	240,000	Notes 1, 2, 3	-
CCN #6	July 25, 2012	100,000	Not a consolidation note	
CCN #7	August 30, 2012	60,000	Not a consolidation note	
CCN #8	November 1, 2012	235,000	Notes 4, 6, 7	
CCN #9	December 27, 2012	10,000	Not a consolidation note	
CCN #10	March 14, 2013	600,000	Notes 5, 8, 9 plus additional funds	115,000
CCN #11	July 10, 2013	120,000	Not a consolidation note	
CCN #12	August 13, 2013	50,000	Not a consolidation note	
CCN #13	October 16, 2013	970,000	Notes 10, 11, 12 plus additional funds	200,000
CCN #14	December 20, 2013	200,000	Not a consolidation note	
CCN #15	February 26, 2014	1,245,000	Notes 13, 14 plus additional funds	75,000

To properly account for certain Convertible Promissory Notes, the Company performed a detailed analysis to obtain a thorough understanding of the transactions, including understanding the terms of each instrument issued, and any related derivatives entered into. The Company first reviewed ASC Topic 815, to identify whether any equity-linked features in the Notes are freestanding or embedded. The Company determined that there were no free standing features. The Notes were then analyzed in accordance with Topic 815 to determine if the Note should be accounted for at fair value and remeasured at fair value in income. The Company determined that the Notes did not meet the requirements of Topic 815 and therefore accounted for the Notes as conventional debt. The Company then reviewed ASC Topic 470-20, and determined that some of Notes met the criteria of a conventional convertible note and that the Note had a beneficial conversion feature, which was recorded as a debt discount against the face amount of the Note, indicated above.

(CN #4) (CNN #15) On February 26, 2014, we entered into an unsecured $1,245,000 principal amount convertible promissory note with a non-affiliate stockholder. The Consolidation Note was a consolidation of the foregoing CNN #13 and CNN #14 Promissory and Convertible Notes totaling $1,170,000 with the same Noteholder. Such notes were voided as a result, however, the accrued interest on such notes was still owed and included with the accrued interest of the Consolidation Note until paid. We received additional funds totaling $75,000 under the Consolidation Note. Under the terms of the Consolidation Note, it matures February 2016, accrues interest at 7.5% per annum beginning March 1, 2013, is convertible into shares of our common stock at $0.15 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. The Consolidation Note had a beneficial conversion feature valued at $415,000, which was recorded as a debt discount against the face amount of the Consolidation Note, which is being accreted to interest expense over the 24 month term of the Consolidation Note. We used a recent sale of stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature.

(CNN #14) On December 20, 2013, we entered into an unsecured $200,000 promissory note with a stockholder. The terms of the note have not been negotiated. On February 26, 2014 we structured the terms of the note with the noteholder as described above.

(CNN #13) On October 15, 2013, we entered into an unsecured $970,000 principal amount convertible promissory note with a non-affiliate stockholder. The Consolidation Note was a consolidation of the foregoing CNN #10, CNN #11 and CNN #12 Promissory and Convertible Notes totaling $770,000 with the same Noteholder. Such notes were voided as a result, however, the accrued interest on such notes was still owed and included with the accrued interest of the Consolidation Note until paid. We received additional funds totaling $200,000 under the Consolidation Note. Under the terms of the Consolidation Note, it matures October 2015, accrues interest at 7.5% per annum beginning November 1, 2013, is convertible into shares of our common stock at $0.20 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. In addition, we issued to the holder 500,000 shares of our common stock (See Note 7). The Consolidation Note had a beneficial conversion feature valued at $970,000, which was recorded as a debt discount against the face amount of the Consolidation Note, which is being accreted to interest expense over the 24 month term of the Consolidation Note. We used a recent sale of stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature. On February 26, 2014 we restructured the terms of the note with the noteholder as described above. The unamortized debt discount of $767,915 was offset against additional paid-in capital.

(CNN #12) On August 13, 2013, we entered into an unsecured $50,000 promissory note with a stockholder. On October 15, 2013 we structured the terms of the note with the noteholder as described above.

(CNN #11) On July 10, 2013, we entered into an unsecured $120,000 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the Note, it was scheduled to mature in July 2015, accrued interest at 7.5% per annum beginning July 1, 2013, was convertible into shares of our common stock at $0.20 per share but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock and contained piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. The Note had a beneficial conversion feature valued at $120,000, which was recorded as a debt discount against the face amount of the Note, which was being accreted to interest expense over the 24 month term of the Consolidation Note. We used a recent sale of restricted stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature. On October 15, 2013 we restructured the terms of the note with the noteholder as described above. The unamortized debt discount of $107,500 was offset against additional paid-in capital.

(CNN #10) On March 14, 2013, we entered into an unsecured $600,000 principal amount convertible promissory note with a non-affiliate stockholder. The Consolidation Note was a consolidation of the foregoing CNN #5, CNN #8 and CNN #9 Promissory and Convertible Notes totaling $485,000 with the same Noteholder. Such notes were voided as a result, however, the accrued interest on such notes was still owed and included with the accrued interest of the Consolidation Note until paid. We received additional funds totaling $115,000 under the Consolidation Note. Under the terms of the Consolidation Note, it was scheduled to mature in July 2014, accrued interest at 7.5% per annum beginning March 1, 2013, was convertible into shares of our common stock at $0.30 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contained piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. The Consolidation Note had a beneficial conversion feature valued at $400,000, which was recorded as a debt discount against the face amount of the Consolidation Note, which was being accreted to interest expense over the 17 month term of the Consolidation Note. We used a recent sale of restricted stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature. On October 15, 2013 we restructured the terms of the note with the noteholder as described above. The unamortized debt discount of $235,294 was offset against additional paid-in capital.

(CNN #9) On December 27, 2012, we entered into an unsecured $10,000 promissory note with a stockholder. On March 14, 2013 we structured the terms of these notes with the noteholder as described above.

(CNN #8) On November 1, 2012, we entered into an unsecured $235,000 principal amount consolidation promissory note with a non-affiliate stockholder. The Consolidation Promissory Note is a consolidation of the foregoing CNN #4, CNN #6 and CNN #7 promissory notes totaling $235,000 with the same Noteholder. Such notes were voided as a result, however, the accrued interest on such notes is still owed and included with the accrued interest of the Consolidation Promissory Note until paid. We did not receive additional funds under the Consolidation Promissory Note, as it was a consolidation of prior notes owed to Noteholder. Under the terms of the Consolidation Promissory Note, it matured January 31, 2013, and accrued interest at 7.5% per annum beginning November 1, 2012. On March 14, 2013 we restructured the terms of these notes with the noteholder as described above.

(CNN #7) On August 30, 2012, we entered into an unsecured $60,000 promissory note with the same stockholder. The terms of the note had not been negotiated as of the date of issuance. On November 1, 2013 we restructured the terms of these notes with the noteholder as described above.

(CNN #6) On July 25, 2012, we entered into an unsecured $100,000 promissory note with the same stockholder. This note matured on September 30, 2012 and accrued interest at seven and one-half (7.5) percent per annum at maturity. On November 1, 2013 we restructured the terms of these notes with the noteholder as described above.

(CNN #5) On June 18, 2012, we entered into a $240,000 principal amount convertible promissory note with a non-affiliate stockholder. The Consolidation Note is a consolidation of the foregoing CNN #1, CNN #2 and CNN #3 Promissory and Convertible Notes totaling $240,000 with the same Noteholder. Such notes were voided as a result, however, the accrued interest on such notes is still owed and included with the accrued interest of the Consolidation Note until paid. We did not receive additional funds under the consolidation note, as it was a consolidation of prior notes owed to Noteholder, but Noteholder has loaned we an additional $245,000 under the terms of separate promissory notes (non-convertible), as described above. Under the terms of the Consolidation Note, it was scheduled to mature June 2014, accrued interest at 6% per annum beginning July 1, 2012, was convertible into shares of our common stock at $0.32 per share, but only if such conversion would not cause the Noteholder to own more than 9.9% of our outstanding common stock, and contained piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares. The Consolidation Note had a beneficial conversion feature valued at $135,000, which was recorded as a debt discount against the face amount of the Consolidation Note, which was being accreted to interest expense over the 24 month term of the Consolidation Note. We used a recent sale of restricted stock to determine the fair value of the stock for purposes of calculating the beneficial conversion feature. On March 14, 2013 we restructured the terms of these notes with the noteholder as described above. The unamortized debt discount of $83,000 was offset against additional paid-in capital.

(CNN #4) On June 12, 2012, we entered into an unsecured $75,000 principal amount promissory note with a stockholder. This note, as amended, matured on September 30, 2012 and accrued interest beginning on the maturity date at 7.5% per annum. We determined that imputed interest on the note for the period from the issuance date to maturity is immaterial to the financial statements. On November 1, 2013 we restructured the terms of these notes with the noteholder as described above.

(CNN #3) On February 1, 2012, we entered into an unsecured $80,000 promissory note with the same stockholder. This note matured on April 13, 2012 and accrued interest at six (6) percent per annum. On June 18, 2012 we restructured the terms of these notes with the noteholder as described above.

(CNN #2) On October 13, 2011, we entered into a $100,000 convertible note ("Convertible Note") with the same stockholder. The Convertible Note matured on April 13, 2012, accrued interest at six (6) percent per annum, the holder was entitled to convert at $0.32 per share into our common stock. On June 18, 2012 we restructured the terms of these notes with the noteholder as described above.

(CNN #1) On July 31, 2011, we entered into an unsecured $60,000 promissory note with a stockholder. This note matured on April 13, 2012 and accrued interest at six (6) percent per annum at maturity. On June 18, 2012 we restructured the terms of these notes with the noteholder as described above.

Accrued interest on all notes payable to stockholders at March 31, 2014 totaled $99,769 and is included in related party payables.

Equity Financing

In addition to the foregoing issuances of stock for the purpose of raising capital, we have also issued 5,050,952 shares of common stock to individuals as payment for consulting services, related party notes and interest payable, financing fees and outstanding accounts payable invoices. These issuances occurred during the last two fiscal years. The aggregate Fair Market Value of these shares was $2,085,393. These issuances were completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On September 17, 2012, we initiated a private placement offering of 5,000,000 shares of our restricted (as that term is defined by Rule 144 of the Securities Act of 1933) common stock at a price of $1.10 per share. Issuance costs paid for broker and finder's fees will offset against capital raised. As Noted above, pursuant to our agreement with Dr. Saini, Dr. Saini has the right to participate in certain offerings of our securities by selling his shares in the offering up to 10% of the total shares sold in the offering. If Dr. Saini does elect to participate in an offering then the proceeds received by us from the offering would be reduced by approximately 10%. As of the date of this filing, we have not sold any shares under this private placement offering.

On May 10, 2012, we entered into a stock purchase agreement with a third party, under which we issued him 200,000 shares of our common stock, restricted in accordance with Rule 144, in exchange for $88,000, net of offering costs of $12,000. The stock purchase agreement includes piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares.

Capital Expenditures

Other Capital Expenditures

If we have the funds available, we expect to purchase approximately $30,000 of equipment in connection with the expansion of the business.

Development Stage Company

We are a development stage company as defined by section 915-10-20 of the FASB Accounting Standards Codification. Although our planned principal operations have commenced, we are still devoting substantially all of our efforts on establishing the business and its planned. All losses accumulated since inception has been considered as part of our development stage activities.

Fiscal year end

Cerebain has a June 30 fiscal year end and on February 10, 2012 our Board of Directors changed Discount Dental's fiscal year end to June 30 for ease of financial reporting.

Going Concern

The accompanying financial statements have been prepared assuming we will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. We had a deficit accumulated during the development stage of $5,185,080 and $2,786,029 at March 31, 2014 and June 30, 2013, respectively, and had a net loss of $2,399,051 and $522,274 for the nine months ended March 31, 2014 and 2013, respectively, and net cash used in operating activities of $743,918 and $230,976 for the nine months ended March 31, 2014 and 2013, respectively, with no revenue earned since inception. These matters, among others, raise substantial doubt about our ability to continue as a going concern.

While we are attempting to commence operations and generated revenues, our cash position may not be significant enough to support our daily operations. We intend to raise additional funds by way of a public or private offering. We believe that the actions presently being taken to further implement our business plan and generate revenues provide the opportunity for us to continue as a going concern. While we believe in the viability of our strategy to generate revenues and in our ability to raise additional funds, there can be no assurances to that effect. Our ability to continue as a going concern is dependent upon our ability to further implement our business plan and generate revenues.

The financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Critical Accounting Policies

The SEC has defined a company's critical accounting policies as the ones that are most important to the portrayal of the Company's financial condition and results of operations and which require the Company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, we have identified the critical accounting policies and judgments addressed below. We also have other key accounting policies that are significant to understanding our results. For additional information, see Note 3 - Summary of Significant Accounting Policies on page 10.

The following are deemed to be the most significant accounting policies affecting the Company.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Measurement, estimates and assumptions are used for, but not limited to, useful lives and residual value of long-lived assets, and the valuation of equity instruments. Management makes these estimates using the best information available at the time the estimates are made; however actual results when ultimately realized could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumption.

Revenue Recognition and Accounts Receivable

We will recognize revenues in accordance with the guidelines of the Securities and Exchange Commission ("SEC") Staff Accounting Bulletin ("SAB") No. 104 "Revenue Recognition".

Under SAB 104, four conditions must be met before revenue can be recognized: (i) there is persuasive evidence that an arrangement exists, (ii) delivery has occurred or service has been rendered, (iii) the price is fixed or determinable, and (iv) collection is reasonably assured. The Company provides for an allowance for doubtful account based history and experience considering economic and industry trends. The Company does not have any off-Balance Sheet exposure related to its customers.

Income Taxes

We account for income taxes under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 740, Income Taxes ("ASC 740"). Under ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Stock Compensation

In accordance with ASC No. 718, *Compensation – Stock Compensation* ("ASC 718"), we measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share-based compensation arrangements include stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant. We apply this statement prospectively. Equity instruments ("instruments") issued to other than employees are recorded on the basis of the fair value of the instruments, as required by ASC 718. ASC No. 505, *Equity Based Payments to Non-Employees* ("ASC 505") defines the measurement date and recognition period for such instruments. In general, the measurement date is (a) when a performance commitment, as defined, is reached or (b) when the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in the ASC 505.

Accounting for Derivative Financial Instruments

We evaluate financial instruments using the guidance provided by ASC 815 and apply the provisions thereof to the accounting of items identified as derivative financial instruments not indexed to our stock.

Fair Value of Financial Instruments

We follow the provisions of ASC 820. This Topic defines fair value, establishes a measurement framework and expands disclosures about fair value measurements.

We use fair value measurements for determining the valuation of derivative financial instruments payable in shares of its common stock. This primarily involves option pricing models that incorporate certain assumptions and projections to determine fair value. These require management's judgment.

Recent Accounting Pronouncements

We have evaluated new accounting pronouncements that have been issued and are not yet effective for us and determined that there are no such pronouncements expected to have an impact on our future financial statements.

Off-Balance Sheet Arrangements

As of March 31, 2014, we have not entered into any transaction, agreement or other contractual arrangement with an entity unconsolidated under which it has:

- a retained or contingent interest in assets transferred to the unconsolidated entity or similar arrangement that serves as credit;
- liquidity or market risk support to such entity for such assets;
- an obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument; or
- an obligation, including a contingent obligation, arising out of a variable interest in an unconsolidated entity that is held by, and material to the Company, where such entity provides financing, liquidity, market risk or credit risk support to or engages in leasing, hedging, or research and development services with the Company.

Inflation

Management believes that inflation has not had a material effect on the Company's results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting Company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-l5(e) under the Exchange Act) that are designed to ensure that information that would be required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including to our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15 under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2014. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of March 31, 2014, and as of the date that the evaluation of the effectiveness of our disclosure controls and procedures was completed, our disclosure controls and procedures were not effective to satisfy the objectives for which they are intended.

Management's Report on Internal Controls over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting (as defined in Rule 13a-l5(f) of the Securities Exchange Act). Management assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on that assessment, management believes that, as of March 31, 2014, the Company's internal control over financial reporting was ineffective based on the COSO criteria, due to the following material weaknesses listed below.

Insufficient segregation of duties in our finance and accounting functions due to limited personnel. During the nine months ended March 31, 2014, we internally performed all aspects of our financial reporting process, including, but not limited to, access to the underlying accounting records and systems, the ability to post and record journal entries and responsibility for the preparation of the financial statements. Due to the fact these duties were performed by the same person, a lack of review was created over the financial reporting process that might result in a failure to detect errors in spreadsheets, calculations, or assumptions used to compile the financial statements and related disclosures as filed with the SEC.

Insufficient corporate governance policies. Our corporate governance activities and processes are not always formally documented nor are they reviewed and approved by anyone other than the Chief Financial Officer.

These control deficiencies could result in a material misstatement to our interim or annual financial statements that would not be prevented or detected.

When we are financially able, we intend to take appropriate and reasonable steps to make the necessary improvements to remediate these deficiencies and we intend to consider the results of our remediation efforts and related testing as part of our next assessment of the effectiveness of our internal control over financial reporting.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting during the period March 31, 2014, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not involved in any legal matters arising in the normal course of business. While incapable of estimation, in the opinion of the management, the individual regulatory and legal matters in which it might involve in the future are not expected to have a material adverse effect on the Company's financial position, results of operations, or cash flows.

ITEM 1A. RISK FACTORS

There have been no changes to our Risk Factors included in our Annual Report on Form 10-K/A filed with the Securities and Exchange Commission on October 4, 2013.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On April 7, 2014, we issued 150,000 shares of common stock to individuals as payment for an outstanding accounts payable invoice. The aggregate Fair Market Value of these shares was $22,500 as the agreed price was $0.15 per share. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On April 7, 2014, we issued 1.17 million shares of common stock to individuals as payment for consulting services per contracts dated January, February and March 2014. The aggregate Fair Market Value of these shares was $212,300 as the fair market value of the stock was $0.15 and $0.19 per share, respectively. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On March 14, 2014, we issued an unsecured $100,000 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the note, it matures March 2016, accrues interest at 7.5% per annum beginning April 1, 2014, is convertible into shares of our common stock at $0.20 per share and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares.

On March 7, 2014, we issued an unsecured $10,000 principal amount convertible promissory note with a non-affiliate stockholder. Under the terms of the note, it matures March 2016, accrues interest at 7.5% per annum beginning April 1, 2014, is convertible into shares of our common stock at $0.20 per share and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares.

On February 26, 2014, we issued an unsecured $1,245,000 principal amount convertible promissory note with a non-affiliate stockholder. The note was a consolidation of certain previously issued promissory and convertible Notes totaling $1,170,000 with the same noteholder. Such prior notes were voided as a result, however, the accrued interest on such notes was still owed and included with the accrued interest of this consolidation note until paid. We received additional funds totaling $75,000 under this consolidation note. Under the terms of the consolidation note, it matures February 2016, accrues interest at 7.5% per annum beginning March 1, 2013, is convertible into shares of our common stock at $0.15 per share, but only if such conversion would not cause the noteholder to own more than 9.9% of our outstanding common stock, and contains piggyback registration rights. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was sophisticated and familiar with our operations at the time of the issuance of the shares.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

There have been no events which are required to be reported under this Item.

ITEM 4. MINING SAFETY DISCLOSURES

There have been no events which are required to be reported under this Item.

ITEM 5. OTHER INFORMATION

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On April 15, 2014, we completed the solicitation of votes of stockholders. In order to save the expense associated with the holding a special meeting of the Company's stockholders, the Board of Directors elected to obtain stockholder approval of the Proposals without holding a meeting of the stockholders. Up for consideration by the stockholders were five proposals submitted by our Board of Directors.

The first proposal involved the election of the Company's Board of Directors. Set forth below is the name of each director elected at the meeting and the number of votes cast for their election, the number of votes withheld and the number of votes voted for this proposal:

Name	Number of Votes "For"	Number of Votes "Against"	Number of Votes "Abstain"	Number of Shares Voted	% of Total Shares Outstanding
Gerald A. Deciccio	19,132,902	600	8,328,854	27,462,356	52.80%
Eric A. Clemons	19,133,402	100	8,328,854	27, 462,356	52.80%
Wesley D. Tate	19,133,002	500	8,328,854	27, 462,356	52.80%

The second proposal up for consideration involved the approval and amendment of our Articles of Incorporation to change the Company's name to Cerebain Biotech Corp. Set forth below are the number of votes for, against, abstain and non-votes for this proposal:

Number of Votes "For"	Number of Votes "Against"	Number of Votes "Abstain"	Number of Shares Voted	% of Total Shares Outstanding
27,642,256	100	-	27, 462,356	75.79%

The third proposal up for consideration involved the amendment of our Articles of Incorporation to effectuate a reverse split of the Company's common stock at a ratio of 1-for-10. Set forth below are the number of votes for, against, abstain and the number of votes voted for this proposal:

Number of Votes "For"	Number of Votes "Against"	Number of Votes "Abstain"	Number of Shares Voted	% of Total Shares Outstanding
27,329,056	131,500	1,800	27462,356	75.43%

The fourth proposal up for consideration involved the Approval of the 2014 Cerebain Biotech Corp. Omnibus Stock Grant and Option Plan. Set forth below are the number of votes for, against, abstain and the number of votes voted for this proposal:

Number of Votes "For"	Number of Votes "Against"	Number of Votes "Abstain"	Number of Shares Voted	% of Total Shares Outstanding
18,931,802	201,700	8,328,854	27, 462,356	52.25%

The fifth proposal involved ratifying the appointment of Hartley Moore Accountancy Corporation as the independent registered public accountants firm of the Company for the fiscal year ending June 30, 2014. Set forth below are the number of votes for, against, abstain and the number of votes voted for this proposal:

Number of Votes "For"	Number of Votes "Against"	Number of Votes "Abstain"	Number of Shares Voted	% of Total Shares Outstanding
27,462,356	-	-	27,462,356	75.79%

As a majority of the shareholders voted in favor of the above proposals, the proposals were duly approved and authorized by the stockholders of the Company. Where applicable our management will seek to effect the approved actions in the near future.

ITEM 6. EXHIBITS

Item No.	Description
3.1 (1)	Articles of Incorporation of Discount Dental Materials, Inc., a Nevada corporation, filed with the Secretary of State for the State of Nevada on December 18, 2007
3.2 (1)	Bylaws of Discount Dental Materials, Inc., a Nevada corporation
10.1 (1)	Agreement by and between Discount Dental Materials, Inc. and R. Douglas Barton dated January 2, 2009
10.2 (1)	Agreement by and between Discount Dental Materials, Inc. and R. Douglas Barton dated January 2, 2009
10.3 (2)	Share Exchange Agreement by and between Discount Dental Materials, Inc. and the shareholders of Cerebain Biotech Corp. dated January 17, 2012
10.4 (2)	Spinoff Agreement by and between Discount Dental Materials, Inc. and R. Douglas Barton dated January 17, 2012
10.5 (2)	Stock Purchase Agreement by and between Cerebain Biotech Corp. and certain shareholders of Discount Dental Materials, Inc. dated January 17, 2012
10.6 (2)	Patent License Agreement by and between Cerebain Biotech Corp. and Dr. Surinder Singh Saini dated June 10, 2010
10.7 (3)	Letter Agreement with Sonos Models, Inc. dated September 24, 2012
10.8 (4)	$240,000 Principal Amount Convertible Promissory Note dated June 18, 2012
10.9 (6)	$235,000 Amended and Consolidated Promissory Note dated November 1, 2012
10.10 (5)	Termination Agreement and General Release with Gerald A. DeCiccio dated January 18, 2013
10.11 (5)	Termination Agreement and General Release with Eric Clemons dated January 18, 2013
10.12 (5)	Termination Agreement and General Release with Paul Sandhu dated January 18, 2013
10.13 (5)	Promissory Note Issued to Gerald A. DeCiccio dated January 18, 2013
10.14 (5)	Promissory Note Issued to Eric Clemons dated January 18, 2013
10.15 (5)	Promissory Note Issued to Paul Sandhu dated January 18, 2013
10.16 (7)	$600,000 Amended and Consolidated Promissory Note dated March 14, 2013
10.17 (8)	Employment Agreement with Eric Clemons dated June 15, 2013
10.18 (8)	Employment Agreement with Wesley Tate dated June 15, 2013
10.19 (8)	Consulting Agreement with Gerald DeCiccio dated June 15, 2013

10.20 (8)	Consulting Agreement with IDC Consulting & Investors LLC dated April 15, 2013
10.21 (10)	Consulting Agreement with Superior Inc. dated October 15, 2013
10.22 (10)	$970,000 Amended and Consolidated Promissory Note dated October 15, 2013
10.23 (9)	Stock Purchase Agreement with Eric Clemons from Conversion of Debt dated December 30, 2013
10.24 (9)	Stock Purchase Agreement with Gerald DeCiccio from Conversion of Debt dated December 30, 2013
10.25*	$1,245,000 Amended and Consolidated Promissory Note dated February 25, 2014
14 (1)	Code of Ethics of Discount Dental Materials, Inc.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934 as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2003. *
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934 as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2003. *
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2003. *
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2003. *
101**	Interactive Data File
101.INS	Interactive Data File
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

____
*filed herewith

** Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of any registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise are not subject to liability under those sections

(1) Incorporated by reference from our Registration Statement on Form S-1 filed with the Commission on January 27, 2009.
(2) Incorporated by reference from our Form 8-K filed with the Commission on February 10, 2012.
(3) Incorporated by reference from our Form 8-K filed with the Commission on September 28, 2012.
(4) Incorporated by reference from our Form 10-Q filed with the Commission on November 14, 2012.
(5) Incorporated by reference from our Form 8-K filed with the Commission on January 24, 2013.
(6) Incorporated by reference from our Form 10Q filed with the Commission on February 12, 2013.
(7) Incorporated by reference from our Form 10-Q filed with the Commission on May 3, 2013.
(8) Incorporated by reference from our Form 10K/A filed with the Commission on October 4, 2013.
(9) Incorporated by reference from our Form 8-K filed with the Commission on January 6, 2014.
(10) Incorporated by reference from our Form 10-Q filed with the Commission on February 10, 2014.

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.

DISCOUNT DENTAL MATERIALS, INC.
A Nevada corporation

By: */s/ ERIC CLEMONS*
Eric Clemons, President (Principal Executive Officer)

By: */s/ WESLEY TATE*
Wesley Tate, Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: May 14, 2014

EXHIBIT 10.25

THIS PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO SALE OR DISPOSITION MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SAID ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION.

AMENDED AND CONSOLIDATED CONVERTIBLE PROMISSORY NOTE

$1,245,000

February 25, 2014
Dallas, TX

For value received, Cerebain Biotech Corp., a Nevada corporation (the "Company"), promises to pay to Brad Vroom, an individual, or his assigns (the "Holder") the principal sum of One Million Two Hundred Forty Five Thousand Dollars ($1,245,000). The principal hereof and any unpaid accrued interest thereon shall be due and payable on or before 5:00 p.m., Pacific Standard Time, on February 25, 2016 (the "Maturity Date") (unless such payment date is accelerated as provided in Section 5 hereof). Payment of all amounts due hereunder shall be made at the address of the Holder provided for in Section 6 hereof. Interest shall accrue on the outstanding principal amount beginning on March 1, 2014, at the rate of seven and on-half percent (7.5%) per annum, compounded annually based on a 365-day year and shall continue on the outstanding principal until paid in full.

1. ***HISTORY OF THE NOTE***. This Note is an amendment and consolidation of the following (collectively, the "Original Notes");

a. The Amended and Consolidated Promissory Note entered into by and between the Company and the Holder on or about October 15, 2013, for $970,000;

b. The $200,000 loaned by the Holder to the Company on or about December 20, 2013, which amount was never documented.

With the execution of this Note the Company and the Holder acknowledge and agree that the Original Notes are void and unenforceable. With the execution of this Note, the Holder is loaning the Company an additional $75,000, which brings the total principal due under this Note to $1,245,000 when combined with the principal amounts due under the Original Notes. The Company and Holder hereby acknowledge that as of January 31, 2014, Eighty Three Thousand Three Hundred Ninety Four Dollars ($83,394) interest has accrued on the Original Notes and is and owing to the Holder.

2. ***PREPAYMENT***. The Company may at any time, upon thirty (30) days written notice (each a "Prepayment Notice"), prepay all or any part of the principal balance of this Note, provided that concurrently with each such prepayment the Company shall pay accrued interest on the principal, if any, prepaid to the date of such prepayment. Any Prepayment Notice must contain the amount of principal and interest to be prepaid by the Company. The end of the thirty-day period following a Prepayment Notice shall be referred to as a "Prepayment Date." In the event that the Company sends a Prepayment Notice to Holder, Holder may elect prior to the Prepayment Date to convert into common stock of the Company pursuant to Section 3 hereof, all or part of the amount of principal and interest to be repaid under the Prepayment Notice instead of receiving such prepayment.

3. ***CONVERSION***. The Holder of this Note is entitled, at its option and subject to the other terms set forth herein, at any time beginning on the date hereof, and in whole or in part, to convert the outstanding principal amount of this Note, or any portion of the principal amount hereof, and any accrued interest, into shares of the common stock of the Company. Any amounts the Holder elects to convert will be converted into common stock at a rate of $0.15 per share. Any conversion shall be effectuated by giving a written notice ("Notice of Conversion") to the Company on the date of conversion, stating therein the amount of principal and accrued interest due to Holder under this Note being converted.

Notwithstanding the foregoing, the Holder may not convert any outstanding amounts due under this Note if at the time of such conversion the amount of common stock issued for the conversion, when added to other shares of Company common stock owned by the Holder or which can be acquired by Holder upon exercise or conversion of any other instrument, would cause the Holder to own more than nine and nine-tenths percent (9.9%) of the Company's outstanding common stock. The restriction described in this paragraph may be revoked upon sixty-one (61) days prior notice from Holder to the Company.

4. ***CONVERSION PRICE ADJUSTMENTS***. In the event the Company should at any time after the date hereof do either of the following: i) fix a record date for the effectuation of a split or subdivision of the outstanding common stock of the Company, or ii) grant the holders of the Company's common stock a dividend or other distribution payable in additional shares of common stock or other securities or rights convertible into additional shares of common stock without the payment of any consideration by such holder for the additional shares of common stock (a "Stock Adjustment"), then, as of the record date (or the date of the Stock Adjustment if no record date is fixed), the conversion price of this Note shall be appropriately adjusted so that the number of shares of common stock issuable upon conversion of this Note is adjusted in proportion to such change in the number of outstanding shares in order to insure such Stock Adjustment does not decrease the conversion value of this Note.

5. ***DEFAULT***. The occurrence of any one of the following events shall constitute an Event of Default:

(a) The non-payment, when due, of any principal or interest pursuant to this Note;

(b) The material breach of any representation or warranty in this Note. In the event the Holder becomes aware of a breach of this Section 5(b), then provided such breach is capable of being cured by Company, the Holder shall notify the Company in writing of such breach and the Company shall have thirty (30) business days after notice to cure such breach;

(c) The breach of any covenant or undertaking, not otherwise provided for in this Section 5;

(d) The commencement by the Company of any voluntary proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, receivership, dissolution, or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or the adjudication of the Company as insolvent or bankrupt by a decree of a court of competent jurisdiction; or the petition or application by the Company for, acquiescence in, or consent by the Company to, the appointment of any receiver or trustee for the Company or for all or a substantial part of the property of the Company; or the assignment by the Company for the benefit of creditors; or the written admission of the Company of its inability to pay its debts as they mature; or

(e) The commencement against the Company of any proceeding relating to the Company under any bankruptcy, reorganization, arrangement, insolvency, adjustment of debt, receivership, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, provided, however, that the commencement of such a proceeding shall not constitute an Event of Default unless the Company consents to the same or admits in writing the material allegations of same, or said proceeding shall remain undismissed for 20 days; or the issuance of any order, judgment or decree for the appointment of a receiver or trustee for the Company or for all or a substantial part of the property of the Company, which order, judgment or decree remains undismissed for 20 days; or a warrant of attachment, execution, or similar process shall be issued against any substantial part of the property of the Company.

Upon the occurrence of any Default or Event of Default, the Holder, may, by written notice to the Company, declare all or any portion of the unpaid principal amount due to Holder, together with all accrued interest thereon, immediately due and payable, in which event it shall immediately be and become due and payable, provided that upon the occurrence of an Event of Default as set forth in paragraph (d) or paragraph (e) hereof, all or any portion of the unpaid principal amount due to Holder, together with all accrued interest thereon, shall immediately become due and payable without any such notice. In addition, in the event of default, the company shall convey and assign to the Holder U.S. Patent Applications No. 12/361,808, No. 13/309,468 and No. 13/849,014 and its foreign counterparts in Europe and Japan, as described in the Patent License Agreement entered into by the Company on June 10, 2010.

6. ***NOTICES***. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the Party to be notified, (b) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day, or (c) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent as follows:

If to the Company:	Cerebain Biotech Corp. 13455 Noel Road, Suite 1000 Dallas, TX 75240 Attn: Eric Clemons, President Facsimile No.:
with a copy to:	Law Offices of Craig V. Butler 9900 Research Dr. Irvine, CA 92618 Attn: Craig V. Butler, Esq. Facsimile No.: (949) 209-2545
If to Holder:	______________________________ ______________________________ ______________________________ Facsimile No.: ___________________

or at such other address as the Company or Holder may designate by ten (10) days advance written notice to the other Party hereto.

7. ***GOVERNING LAW; VENUE***. The terms of this Note shall be construed in accordance with the laws of the State of California, as applied to contracts entered into by California residents within the State of California, and to be performed entirely within the State of California. The parties agree that any action brought to enforce the terms of this Note will be brought in the appropriate federal or state court having jurisdiction over Orange County, California.

8. ***ATTORNEY'S FEES***. In the event the Holder hereof shall refer this Note to an attorney to enforce the terms hereof, the Company agrees to pay all the costs and expenses incurred in attempting or effecting the enforcement of the Holder's rights, including reasonable attorney's fees, whether or not suit is instituted.

9. ***CONFORMITY WITH LAW***. It is the intention of the Company and of the Holder to conform strictly to applicable usury and similar laws. Accordingly, notwithstanding anything to the contrary in this Note, it is agreed that the aggregate of all charges which constitute interest under applicable usury and similar laws that are contracted for, chargeable or receivable under or in respect of this Note, shall under no circumstances exceed the maximum amount of interest permitted by such laws, and any excess, whether occasioned by acceleration or maturity of this Note or otherwise, shall be canceled automatically, and if theretofore paid, shall be either refunded to the Company or credited on the principal amount of this Note.

10. ***MODIFICATION; WAIVER***. No modification or waiver of any provision of this Note or consent to departure therefrom shall be effective unless in writing and approved by the Company and the Holder.

IN WITNESS WHEREOF, Company has executed this Amended and Consolidated Convertible Promissory Note as of the date first written above.

"Company"

Cerebain Biotech Corp.,
a Nevada corporation

/s/ Eric Clemons
By: Eric Clemons
Its: President

Acknowledged:

/s/ Brad Vroom
Brad Vroom

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Eric Clemons, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Discount Dental Materials, Inc. for the period ended March 31, 2014.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this interim report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: May 14, 2014

By: */s/ ERIC CLEMONS*
Eric Clemons
President (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Wesley Tate, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Discount Dental Materials, Inc. for the period ended March 31, 2014.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this interim report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: May 14, 2014

By: */s/ WESLEY TATE*

Wesley Tate
Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Discount Dental Materials, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric Clemons, President of the Company, certify, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 14, 2014

By: */s/ ERIC CLEMONS*
Eric Clemons
President (Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Discount Dental Materials, Inc. and will be retained by Discount Dental Materials, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Discount Dental Materials, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Wesley Tate, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 14, 2014

By: */s/ WESLEY TATE*
Wesley Tate
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Discount Dental Materials, Inc. and will be retained by Discount Dental Materials, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.