CTD HOLDINGS INC
Form 10QSB
November 05, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-QSB

__X__ Quarterly Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934 for the Quarterly Period Ended: September 30, 2004.

____ Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Transition Period From ____ to ____

Commission file number: 0-24930

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

Florida	59-3029743
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

27317 N.W. 78th Avenue, High Springs, Florida	32643
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number, including area code: 386-454-0887

Former name, former address and former fiscal year, if changed since last report: N/A.

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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

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

Check 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.

APPLICABLE ONLY TO CORPORATE ISSUERS

As of October 27, 2004, the Company had outstanding 6,478,984 shares of its common stock.

Transitional Small Business Disclosure Format: No.

PART I: FINANCIAL INFORMATION

Item 1 Financial Statements (unaudited)

CTD HOLDINGS INC.
CONSOLIDATED BALANCE SHEET
(Unaudited)
ASSETS

	September 30, 2004
CURRENT ASSETS	
Cash and cash equivalents	$ 100,554
Certificate of deposit	40,200
Accounts receivable	30,245
Inventory	57,122
Deferred tax asset	25,000
Loan to shareholder	2,516
Total current assets	255,637
PROPERTY AND EQUIPMENT, net	421,158
OTHER ASSETS	
Intangibles, net	13,278
Deferred tax asset	200,000
Sports memorabilia collection	101,420
Total other assets	314,698
TOTAL ASSETS	$ 991,493

(continued)

CTD HOLDINGS, INC.
CONSOLIDATED BALANCE SHEET
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

September 30, 2004	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 21,164
Current portion of long-term debt	10,232
Current portion of shareholder loan	20,000
Call option on sports memorabilia collection	205,000
Total current liabilities	256,396
LONG-TERM LIABILITIES	
Long-term debt, less current portion	153,443
Due to Stockholder, less current portion	32,934
Total long-term liabilities	186,377
Common stock payable	54,000

STOCKHOLDERS' EQUITY	
Common stock, par value $ .0001 per share, 100,000,000 shares authorized, 6,484,984 shares issued and outstanding;	649
Preferred stock, par value $.0001 per share, 5,000,000 share authorized	
Series A, 1 share issued and outstanding	-
Additional paid-in capital	2,296,735
Accumulated deficit	(1,802,664)
Total stockholders' equity	494,720
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 991,493

See Accompanying Notes to Financial Statements

CTD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
PRODUCT SALES	$ 134,116	$ 85,516	$ 387,545	$ 225,545
COST OF PRODUCTS SOLD	29,991	8,816	65,613	33,954
GROSS PROFIT	104,125	76,700	321,932	191,591
SELLING, GENERAL AND ADMINISTRATIVE EXPENSE	112,318	45,507	343,517	141,494
SPORTS MEMORABILIA COLLECTION				
Gain on sales	12,714	-	12,714	-
Other income (expenses)	2,000	-	(309,250)	-
	14,714	-	(296,536)	-
INCOME (LOSS) FROM OPERATIONS	6,521	31,193	(318,121)	50,097
OTHER INCOME (EXPENSE)				
Interest expense	(2,804)	(4,697)	(9,333)	(17,456)
Investment and other income	7,579	1,146	11,732	4,203

Total other income (expense)	4,775	(3,551)	2,399	(13,253)
NET INCOME (LOSS) BEFORE INCOME TAXES	11,296	27,642	(315,722)	36,844
Income Taxes	-	-	-	-
NET INCOME (LOSS)	$ 11,296	$ 27,642	$ (315,722)	$ 36,844
NET INCOME (LOSS) PER COMMON SHARE	$ .01	$ .01	$ (.05)	$ .01
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	7,519,468	4,791,220	6,925,778	4,791,220

See Accompanying Notes to Financial Statements

CTD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
(Unaudited)

	Nine Months Ended September 30,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (315,722)	$ 36,844
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Bad debt expense	-	4,854
Depreciation and amortization	21,581	18,939
Stock issued for services	157,406	-
Call option-sports memorabilia collection	205,000	-
Fair value of stock options issued	4,000	-
Cost of memorabilia collection sold	4,580	-
Increase or decrease in:		
Accounts receivable	103,777	20,730
Inventory	5,551	(10,678)
Accounts payable and accrued expenses	(8,117)	14,166
Common stock payable	45,310	-
Total adjustments	539,088	48,011
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	223,366	84,855
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and building improvements	(53,551)	(54,927)

Purchase of certificate of deposit	(40,200)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(93,751)	(54,927)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on long-term debt	-	14,881
Payments on long-term debt	(7,269)	(7,666)
Payments on loan payable to stockholder	(27,033)	(20,000)
Loan to Shareholder	(3,500)	-
Received from shareholder	984	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(36,818)	(12,785)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	92,797	17,143
CASH AND CASH EQUIVALENTS, beginning of period	7,757	46,244
CASH AND CASH EQUIVALENTS, end of period	$ 100,554	$ 63,387

(Continued)

CTD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
(Unaudited)

	Nine Months Ended September 30,	
	2004	2003
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 6,967	$ 9,777
Cash paid for income taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Stock issued in acquisition of sports memorabilia collection	$ 106,000	$ -
Common stock issued for consulting services	$ 57,157	$ -
Common stock issued in connection with liquidation of sports memorabilia collection	$ 100,250	$ -

Purchase of vehicle with note payable	$ -	$ 14,881

See Accompanying Notes to Financial Statements

CTD HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2004(Unaudited)

The information presented herein as of September 30, 2004, and for the three and nine months ended September 30, 2004 and 2003, is unaudited.

(1) BASIS OF PRESENTATION:

The accompanying financial statements include CTD Holdings, Inc. and its subsidiaries.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Rule 10-01 of Regulations S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal required adjustments) considered necessary for a fair presentation have been included.

Operating results for the three and nine month periods ended September 30, 2004, are not necessarily indicative of the results that may be expected for the year ending December 31, 2004. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report of Form 10-KSB for the year ended December 31, 2003.

(2) NET INCOME (LOSS) PER COMMON SHARE:

Net income (loss) per common share is computed in accordance with the requirements of Statement of Financial Accounting Standards No. 128 (SFAS 128). SFAS 128 requires net income (loss) per share information to be computed using a simple weighted average of common shares outstanding during the periods presented. SFAS 128 eliminated the previous requirement that earnings per share include the effect of any dilutive common stock equivalents in the calculation.

(3) INCOME TAXES

The Company recorded no income tax expense for the three and nine months ended September 30, 2004 due to its net loss for the periods.

4) CONCENTRATIONS

Sales to five major customers were 73% of total sales for the nine months ended September 30, 2004. Sales to three major customers were 64% of total sales for the nine months ended September 30, 2003.

Substantially all 2004 inventory purchases were from one vendor. Substantially all 2003 inventory purchases were from three vendors.

The Company has only one source for certain manufactured inventory. However, the Company has manufactured these products in the past and could do so again, if necessary. There are multiple sources for its other inventory products.

(5) EMPLOYMENT AGREEMENTS

The Company has employment agreements with two employees for total monthly salaries of $4,900. In addition, the employees are issued the stock equivalent of $6,000 each month computed based on eighty percent of the average bid and ask price on the last day of the month for the Company's stock for the preceding month. The stock is subject to trading restrictions under Rule 144. Approximately 603,000 shares of common stock were due under these agreements at September 30, 2004.

(6) CONSULTING AGREEMENTS

The Company entered into an agreement with two financial consultants in May 2004. Upon amending the Articles of Incorporation for Series A Preferred Stock as described in Note 8, the Company issued 343,137 shares of common stock registered under Form S-8 to the consultants under terms of the agreement and charged expense for $17,157 the fair value of the stock when earned.

In March 2004, the Company entered into a one-year agreement with a consultant regarding construction and specialized concrete formulations and issued 100,000 shares of stock valued at $40,000 at the date of issuance, which the Company expensed in the first quarter of 2004. The stock was registered using Form S-8. The consultant is related to the president and majority shareholder of the Company.

The Company entered into a three-month agreement with a consultant regarding capital raising and strategic options. The agreement automatically renews for three-month successive terms unless cancelled by either party with 30 days notice. The Company paid $15,000 upon entering the agreement and will pay $3,500 per month, for each month the contract is in force, which it expenses when paid. The Company is required to pay the consultant 7.5% of any capital raised and 5% of any other capital transaction resulting within two years of the introduction by the consultant.

(7) ACQUISTION OF SPORTS MEMORABILIA COLLECTION

In April, 2004, the Company finalized the acquisition of a sports memorabilia collection (Collection), from its President and major shareholder. The Collection was appraised at $400,000. The President was issued 1,029,412 shares of unregistered common stock of the Company for the Collection. The number of shares was determined using 70% of the appraised value ($280,000) divided by 80% of the average of the bid and ask price for the Company's stock on April 14, 2004. Since the acquisition of the Collection was from the Company's President and controlling shareholder, the Company recorded the Collection at $106,000, which is the acquisition cost basis of the President and controlling shareholder.

The Company records sales of the Collection as gains or losses from operations.

Concurrent with the acquisition of the Collection, the Company entered into a one-year contract with a consultant to liquidate the Collection on a "best efforts" basis. The Company issued the consultant 250,627 shares of common stock registered on Form S-8 valued at $100,250 on the date the contract was executed. The Company expensed the $100,250 through operations in the accompanying statement of operations.

The consultant has the option to purchase the Collection at any time during the term of the agreement for $200,000 less any sale proceeds already paid to the Company. The Company computed the fair value of this call option using the Black-Scholes stock option pricing model. The following assumptions were made in estimating fair value: risk-free interest rate of 3.5%; no dividend yield; expected life of one year. The fair value calculated resulting from the issuance of this option was determined to be $205,000 at September 30, 2004, which is recorded as a liability in the accompanying balance sheet and charged operations in the accompanying statement of operations. The Company recalculates the fair value of the option at the end of each reporting period and recognize any change as through operations and adjust its liability accordingly.

The consultant was issued an option to acquire 100,000 shares of the Company's stock at $.50/share during the one-year term of the agreement. The Company follows SFAS 123 in accounting for stock options issued to nonemployees. The fair value of each option granted is estimated using the Black-Scholes stock option pricing model. The following assumptions were made in estimating fair value: risk-free interest rate of 3.5%; no dividend yield; expected life of one year; standard deviation of historical stock returns 44.03%. The fair value calculated resulting from the issuance of this option was determined to be $4,000, which was charged through operations in the accompanying statement of operations.

The Company may be required to pay the consultant $50,000 after three months and an additional $50,000 after six months - both payments contingent upon the Company receiving cumulative payments from the sales of the Collection totaling $150,000. The Company has the option of paying the additional compensation, if any, by issuing additional common stock to the consultant. The Company is required to register the stock, if issued. If the target sales amounts are met, the Company will value the stock when earned and record an expense through operations. As of September 30, 2004, the Company recorded gross receipts of approximately $17,000 from sales of the Collection.

The consultant is required to maintain adequate insurance and pay for any transportation costs. The consultant is to liquidate the Collection at prices not less than 75% of the values published in auction-house guidebooks and/or reputable trade publications and price guides. The consultant is also required to provide a detailed itemization of sales to the Company on a monthly basis.

(8) CORPORATE CHANGES

The Company amended its Articles of Incorporation authorizing a class of "blank check" preferred stock consisting of 5,000,000 shares and creating a series of Series A Preferred Stock and set forth its designations, rights and preferences. The more significant right is the share votes together with the holders of the common stock on all matters submitted to a vote of our shareholders, with the share of Series A Preferred Stock being entitled to one vote more than one-half of all votes entitled to be cast by all holders of voting capital stock of CTD Holding on any matter submitted to common shareholders so as to ensure that the votes entitled to be cast by the holder of the Series A Preferred Stock are equal to at least a majority of the total of all votes entitled to be cast by the common shareholders. Each share of series A Preferred Stock has a liquidation preference of $.0001. The Company issued one share of the Series A Preferred Stock to its majority shareholder in exchange for 1,029,412 shares of common stock held by the majority stockholder, surrendered to the Company and cancelled. See note 6.

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

Liquidity and Capital Resources

Our cash and short-term investments increased to approximately $141,000 as of September 30, 2004 compared to approximately $57,000 as of June 30, 2004. This increase was primarily due to an increase in product sales and proceeds from the sales of sports memorabilia.

As of September 30, 2004, we had a working capital deficit of ($759) compared to working capital deficit of approximately ($30,000) at the end of the second quarter. Working capital improved significantly this quarter due to our net income and increased cash flows from operations. Our working capital continues to be negatively impacted by the call option liability of more than $200,000 on our recently acquired sports memorabilia collection. The call option expires in the first quarter of 2005 and or be settled with the remaining cost of the sports memorabilia collection asset ($101,000 at September 30, 2004) at the option of the holder. Absent the call option liability, our working capital would be more than $204,000. Inventory remained constant from the previous quarter at approximately $57,000.

Our cash flow from operations through September 30, 2004 was approximately $223,000 compared to $85,000 through September 30, 2003. This increase is due primarily to increased revenues in 2004.

Controlling cash expenses continues to be management's primary fiscal tool. However, growth requires increased expenditures and we feel that it is appropriate during the current growth stage to engage consultants that can help the Company in financial areas outside its expertise, accepting that these fees will act to reduce profitability. We are working hard to increase revenues to balance these new expenses, but cannot be sure that such effort will be enough in the short term to sustain financial performance like that of the recent past. Our cash SG&A expenses, as a percentage of sales, have decreased from 2003.

In April 2004, we entered into a one-year consulting agreement as part of a package designed to create additional revenue. We acquired a collection of sports memorabilia from our majority shareholder and President for 1,029,412 shares of common stock. While we received a $400,000 appraisal on the collection, we recorded this asset for $106,000, which represents our majority shareholder's cost basis. We also engaged a consultant to liquidate that collection for not less than 75% of its book value. The consultant was issued 250,627 share of common stock valued at $100,250, which we expensed. We agreed to an option whereby the consultant may acquire the entire collection for $200,000. We recorded the fair value of this option ($205,000) as a liability and a charge to operations.

During 2003, we began improvements and renovations of our corporate office and have invested $100,000 through September 30, 2004. We are committed to a Research Park facility for the 40-acre site. The office renovations will be followed by improved security operations and modest guest facilities. Contingent on the Company's ability to financially support modest expansions that will lead to a formal site plan, we anticipate spending at least another $100,000 over the next four quarters to put the Company in a position to initiate a 5-year plan for a new Cyclodextrin Research Park.

In May 2004, we entered into a three-month agreement with a consultant regarding capital raising and strategic options to modify the Company's capital structure in order to expedite planned acquisitions. The agreement automatically renews monthly unless cancelled by either party with 30 days notice. We paid $15,000 upon entering the agreement and will pay $3,500 per month, for each month the contract is in force, which we expensed when paid. We are required to pay the consultant 7.5% of any capital raised and 5% of any other capital transaction resulting within two years of the introduction by the consultant.

Results of Operations

Sales of Cyclodextrins and related manufactured complexes are historically highly volatile. In efforts to offset this volatility, we continue to expand our revenue producing activities in Cyclodextrin related research and development services for unrelated companies while expanding our line of distributed products. Management will also look for opportunities to create additional revenue from underutilized assets. Our product sales are primarily to large pharmaceutical and chemical supply and testing companies for research and development purposes. To further minimize the volatility, we maintain a constant line of communication with our major customers and their related Cyclodextrin research and development departments, while monitoring closely our expenses.

Total product sales for the third quarter 2004 were approximately $134,000 compared to approximately $120,000 in second quarter of 2004 and approximately $86,000 in the third quarter of 2003. While our third quarter 2004 sales were only slightly higher compared to the second quarter of 2004, the nine-month 2004 sales of $388,000 were more than 1.5 times that of the 2003 sales of $226,000. Gain from the sales of the sports memorabilia of approximately $13,000 contributed to improving our net income for the quarter.

Our gross profit margin in the third quarter of 2004 of 78% is considerably lower than the 90% enjoyed in the second quarter of 2004 and lower than the 90% for the third quarter of 2003; however, compared to the 83% for the nine months of 2004 and 85% for the same period of 2003, the drop is not so significant. One factor in the decrease in gross profit in the third quarter were discounts given by the Company to induce timely payments from one large customer. We expect our gross profit level to remain in the 80% range over time, however quarterly amounts are affected by sales to this customer and other product mix variations.

Our SG&A expenses for the third quarter 2004 increased to approximately $112,000 from approximately $96,000 in the prior quarter, and $46,000 for the third quarter of 2003. Our SG&A expenses year to date for 2004 were $346,000 compared to $141,000 for 2003. The substantial increase is due to increased consulting, legal, and accounting fees incurred as a result of the Company's increased merger and acquisitions activity.

In April 2004, we acquired a collection of sports memorabilia from our majority shareholder and President. We also engaged a consultant to liquidate the collection. The consultant was issued 250,627 shares of common stock valued at $100,250, which was expensed. We also issued the consultant an option to acquire the entire collection for $200,000. We recorded the fair value of this option ($207,000) as a charge to operations during the quarter. We may be required to pay the consultant $50,000 after three months and an additional $50,000 after six months - both payments contingent upon the Company receiving cumulative payments from the sales of the Collection totaling $150,000. The Company has the option of paying the additional compensation, if any, by issuing additional common stock to the consultant. If the target sales amounts are met, the Company will value the stock when earned and record an expense through operations. The Company recorded approximately $13,000 in sales of the collection in the third quarter.

As a result of an agreement in May 2004 with two financial consultants advising us on corporate structure matters, the Company issued 343,137 shares of common stock to the consultants under the terms of the agreement and charged operations for the fair value of the stock issued ($17,157).

We expect significant increases in future legal and accounting fees as the result of implementing our planned merger and acquisition strategy.

We recognized net income of approximately $11,000 for the three months ending September 30, 2004, compared to a loss of $300,000 for the previous quarter and $28,000 net income for the third quarter of 2003. Our net loss was ($316,000) for the nine months ending September 30, 2004, compared to net income of $37,000 for the same period of 2003.

In 2004 we will continue to utilize the CTD Website to emphasize the Company's unmatched knowledge of the emerging CD industry; in it we will be explaining more about how CTD's customers are using CD's and what evidence we have that major industries have focused on CD's because of their great commercial diversity. We will continue to identify new products and new uses for CD's. We intend to explore even closer ties with our European partner, Cyclolab; in 2004 management intends to aggressively pursue an even more formal relationship that may include ownership. In 2004 we are also focusing on asset enhancement through merger and acquisition strategies.

Forward-looking Statements

All statements other than statements of historical fact in this report are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995, and are based on management's current expectations of the Company's near term results, based on current information available and pertaining to the Company. The Company assumes no obligation to update publicly any forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties, including, but not limited to, the following: demand for Cyclodextrin; changes in governmental laws and regulations surrounding various matters, such as labeling disclosures; delays in the development, production, testing and marketing of products; product margins and customer product acceptance.

Item 3. Controls And Procedures

(a) Evaluation of disclosure controls and procedures.

The Company's principal executive officer and principal financial officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-14(c)) within 90 days prior to the filing of this report, has concluded that, based on such evaluation, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company, including its consolidated subsidiaries, was made known to them by others within those entities, particularly during the period in which this Quarterly Report on Form 10-QSB was being prepared. Changes in Internal Controls. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls. Accordingly, no corrective actions were required or undertaken.

(b) Changes in internal controls.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls. Accordingly, no corrective actions were required or undertaken.

Part II. OTHER INFORMATION

Item. 2. Changes in Securities

From June 30, 2004 to September 30,2004, the Company transferred a total of

343,137 common shares in exchange for consulting services as follows:

Name	Number Common Shares Purchased	Date	Per Share Price
Steven T. Dorrough	171,569	08-11-04	$37,745.00*
Ella Chesnutt	171,568	08-11-04	$37,745.00*

* Provided for consulting services and registered under form S-8. Value based on the average of the high and low prices of the Common Stock as reported by the OTC Electronic Bulletin Board on June 4, 2004.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit	Description	Page
(2)	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession	None
(4)	Instruments defining the Rights of Security Holders	None
(10)	Material Contracts	None
(11)	Statement re: Computation of Per Share Earnings	Note 2, Financial Statements
(15)	Letter re: Unaudited Interim Financial Information	None
(18)	Letter re: Change in Accounting Principles	None
(19)	Report Furnished to Security Holders	None
(22)	Published Report re: Matters Submitted to Vote of Security Holders	None
(23)	Consents of Experts and Counsel	None
(24)	Power of Attorney	None
(27)	Financial Data Schedule	
(99)	Additional Exhibits	None
99.1	Certification of CFO and CEO	*
99.2	Section 1350 certification	*

* Filed Herewith

(b) Reports on Form 8-K:

None

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CTD HOLDINGS, INC.

	DATE
/s/ C.E. "Rick" Strattan ------------------------------	November 4, 2004
C.E. Rick Strattan, President Chief Executive Officer, Chief Operating Officer and Chief Financial Officer	