CTD HOLDINGS INC
Form 10KSB
April 04, 2008

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

Form 10-KSB

(Mark One)

(X) ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007

( ) 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.
(Name of small business issuer in its charter)

FLORIDA	59-3029743
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

Issuer's telephone number: (386) 454-0887

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
	None

Securities registered under Section 12(g) of the Exchange Act:

Class A Common Stock
(Title of class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. (_)

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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

Check if there is no disclosure of delinquent filers in response to Item

405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB (_).

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

State issuer's revenues for its most recent fiscal year: $751,176

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days: $210,460 based on the average high ($.02) and low ($.02) price as of March 11, 2008, of $.02 per share. (See definition of affiliate in Rule 12b-2 of the Exchange Act.)

Note: If determining whether a person is an affiliate will involve an unreasonable effort and expense, the issuer may calculate the aggregate market value of the common equity held by non-affiliates on the basis of reasonable assumptions, if the assumptions are stated.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 15,705,541 shares of Common Stock as of March 11, 2008.

Transitional Small Business Disclosure Format (Check One): Yes (_) No (X)

PART I

Item 1. Description of Business.

CTD Holdings, Inc. ("Us" or "the Company") was organized as a Florida corporation on August 9, 1990, with operations beginning in July 1992. We sell cyclodextrins ("Cyclodextrins" or "CDs") and related products to the food, pharmaceutical and other industries. We also provide consulting services in the area of commercialization of CD applications.

CDs

Cyclodextrins are molecules that bring together oil and water and have potential applications anywhere oil and water must be used together. Successful applications have been made in the areas of agriculture, analytical chemistry, biotechnology, cosmetics, diagnostics, electronics, foodstuffs, pharmaceuticals and toxic waste treatment. Stabilization of food flavors and fragrances is the largest current worldwide market for CD applications. The Company and others have developed CD-based applications in stabilization of flavors for food products; elimination of undesirable tastes and odors; preparation of antifungal complexes for foods and toiletries; stabilization of fragrances and dyes; reduction of foaming in foods; cosmetics and toiletries; and the improvement of quality, stability and storability of foods.

CDs can improve the solubility and stability of a wide range of drugs. Many promising drug compounds are unusable or have serious side effects because they are either too unstable or too insoluble in water. Strategies for administering currently approved compounds involve injection of formulations requiring pH adjustment and/or the use of organic solvents. The result is frequently painful, irritating, or damaging. These side effects can be ameliorated by CDs. CDs also have many potential uses in drug delivery for topical applications to the eyes and skin.

We believe the application of CDs in both OTC and ethical ophthalmic products provides the greatest opportunity for the successful and timely introduction of CD containing preparations for topical drug use.

We provide consulting services for the commercial development of new products containing CDs. Our revenues are derived from consulting, the distribution of CDs, the manufacturing of selected CD complexes, and sales of our own manufactured and licensed products containing CDs.

CD Product Background

CDs are donut shaped circles of glucose (sugar) molecules. CDs are formed naturally by the action of bacterial enzymes on starch. They were first noticed and isolated in 1891 by a French scientist, Villiers, as he studied rotting potatoes. The bacterial enzyme naturally creates a mixture of at least three different CDs depending on how many glucose units are included in the molecular circle; six glucose units yield Alpha CD ("ACD"); seven units, beta CD ("BCD"); eight units, gamma CD ("GCD"). The more glucose units in the circle, the bigger the circle, or donut. The inside of this "donut" provides an excellent resting place for "oily" molecules while the outside of the donut is significantly compatible with water enabling clear stable solutions of CDs to exist in aqueous environments even when an "oily" molecule is carried within the donut hole. The net result is a molecular carrier that comes in small, medium, and large sizes with the ability to transport and deliver "oily" materials using water as the primary vehicle.

CDs are manufactured in large quantities by mixing appropriate enzymes with starch solutions, thereby reproducing the natural process. ACD, BCD and GCD can be manufactured by an entirely natural process and therefore are considered to be natural products. Additional processing is required to isolate and separate the CDs. The purified ACD, BCD, and GCD are referred to collectively as natural CDs (NCDs).

The chemical groups on each glucose unit in a CD molecule provide chemists with ways to modify the properties of the CDs, i.e. to make them more water soluble or less water soluble, thereby making them better carriers for a specific chemical. The CDs that result from chemical modifications are no longer considered "natural" and are referred to as chemically modified CDs ("CMCDs"). Since the property modifications achieved are often so advantageous to a specific application, the Company does not believe the loss of the "natural" product categorization will prevent its ultimate commercial use. It does, however, create a greater regulatory burden.

Our strategy is to sell CDs and to introduce products with little or no regulatory burden in order to minimize product expenses and create profitable revenue.

We currently sell our products for use in the pharmaceutical, food and industrial chemical industries.

CD Market

The food additive industry has been experimenting with CDs for many years. Now that commercial supply of these materials can be assured and regulatory approval is in place, the Company believes the food additive industry will continue to increase its use of CDs.

CDs have been used in a variety of food products in Japan for over 25 years. In 1999 the economic impact of CD's on the Japanese economy was reported to be $2.6 billion. Within the last five years, more European countries have approved the use of CDs in food products. In the United States, major starch companies are renewing their earlier interest in CDs as food additives. Oral arguments for regulatory approval by the United States Food and Drug Administration ("FDA") have been accepted. As of November 3, 1997, BCD use as a food additive in 10 categories of food products was confirmed to be generally recognized as safe (GRAS).

Applications of CDs in personal products and for industrial uses have appeared in many patents and patent applications. Procter & Gamble uses CDs in Bounce(R), a popular fabric softener and Febreze(R). Avon uses CDs in its dermal preparations using its Age Protective System APS(R). These uses will grow as the price of the manufactured CDs decrease or are perceived as acceptable in view of the value added to the products. In 2001 Janssen Pharmaceutica, a subsidiary of Johnson & Johnson received approval to market Sporanox(r), an oral and injectable formulation containing hydroxypropyl BCD.

In Japan at least twelve pharmaceutical preparations are now marketed which contain CDs. The CDs permit the use of all routes of administration. Ease of delivery and improved bioavailability of such well-known drugs as nitroglycerin, dexamethasone, PGE(1&2), and cephalosporin permit these "old" drugs to command new market share and sometimes new patent lives. Because of the value added, the dollar value of the worldwide market for products containing CDs and for complexes of CDs can be 100 times that of the CD itself.

CD Products

Our CD products include Trappsol(R), Aquaplex(R), and AP(TM)-Flavor product lines. The Trappsol product line consists of approximately 200 different varieties of CDs and the Aquaplex product line includes more than 60 different complexes of active ingredients with various CDs. In addition to these product lines, the Company introduced Garlessence(R) in the fourth quarter of 1995. Garlessence is the first ingestible product containing CDs to be marketed in the U.S. The Company also provides consulting services, research coordination, and the use of CD Infobase(TM), a comprehensive database of CD related information. The Company has protected its service and trade marks by registering them with the U.S. Patent and Trademark office. The following trademarks have been approved and are in use: Trappsol(R), and Aquaplex (R). These properties add to the intangible asset value of the Company. Since 2000, our Web Site at http://www.cyclodex.com, a major tangible asset has grown to be a leading Cyclodextrin information site on the Internet.

CTD purchases CD's from commercial manufacturers around the world including: Wacker Chemie - Munich, Germany; Nihon Shokuhin Kako - Tokyo, Japan; Roquette Freres - Le Strem, France; Cerestar Inc. - Hammond IN, USA. At the end of 2002, CTD became the exclusive distributor in North America of the CD products manufactured by Cyclolab R&D Labs in Budapest, Hungary. The Company does not manufacture cyclodextrins.

We have introduced many new products into our basic line of CDs and CD complexes--liquid preparations of CDs; relatively unprocessed, less expensive mixtures of the natural CDs; naturally modified CDs (glucosyl and maltosyl); and finally, excess production of custom complexes when those items are not proprietary or restricted by the customer.

Business Strategy

Our strategy has been and will continue to be to generate profitable revenue through sales of CD related products.

From inception through the current year, sales of CDs and CD derivatives have been sufficient to provide the necessary operational profitability to sustain the Company. Since these materials were simply purchased and resold, they had the least value-added attributes.

Presently, sales of CD complexes represent a majority of the Company's product sales revenues. Transition to the more value-added complexes continues and is desirable for increased profitability since higher margins can be maintained for these products. We have increased our list of major customers from 3 to 4 thereby continuing to reduce our dependency on sales to a very small core of repeat purchases.

We intend to increase our business development efforts in the food additive and personal products industries while continuing to build on our successes in the pharmaceutical industry.

Business development on behalf of the Company's clients will include the following: (i) negotiation of rights and/or licenses to CD-related inventions; (ii) consultation with manufacturers to establish customized manufacturing specifications; (iii) patentability assessments and strategic planning of patent activities; (iv) trade secret strategies; (v) regulatory interface; and (vi) strategic marketing planning.

The Company believes its competitive advantage lies in its experience and know how in the use and application of CDs, areas in which it believes it has few equals.

In addition to its licensing efforts, the Company intends to coordinate research studies in which it will retain a portion of the rights created as a result of the research work supported.

Assuming the availability of funds, the Company will negotiate licensing rights to its own selected inventions. Because of its comprehensive technical and patent database for CD-related inventions, the Company believes it is uniquely positioned to take advantage of constantly evolving licensing situations.

Marketing Plan

We believe the failure of businesses to exchange information about CD molecules has hindered a more rapid commercialization of CDs as safe excipients. We believe our philosophy of partnering and sharing will act as a catalyst to create momentum overcoming the inertia created by the previous conservatism and secrecy.

Our sales have always been direct, volatile and driven by the acceptance of CD's as beneficial excipients. Arrangements with large laboratory supply companies and several diagnostic companies have provided a strong sales base, that continues to diversify.

The Company has taken advantage of the propensity of researchers to use the Internet to gather information about new products by establishing a website with the unique and descriptive domain name "cyclodex.com".

We intend to work with clients in countries where current regulatory views include CDs as natural products acting as excipients to introduce beneficial pharmaceuticals improved by CDs.

Along with the new products themselves, the Company has created a licensable mark that may be used by other manufacturers wishing to take advantage of the improved aqueous delivery afforded by Trappsol CDs.

We intend to generate additional revenue through obtaining rights to certain patents that we will sublicense to appropriate organizations or that we will use to develop our own proprietary products. Revenue would then be expected to result from sub-licensing royalties, sales of CD complexes to be used in the newly developed pharmaceuticals, and finally from the sales of the products to end-users.

Assuming an ongoing successful process of development, approval and adoption of CDs and CMCDs for pharmaceutical applications, the Company's objective is to initiate dialogue and be well prepared for partnerships with major food companies. Price is a primary concern in this market, but unlike pharmaceuticals where FDA permission for clinical testing may be obtained before actual FDA product approval, food companies cannot feed experimental formulations to test panels of consumers until the ingredients, i.e., the CDs, receive approval for human consumption. Therefore, the Company will work with the food companies and key university food research groups to initially evaluate non-taste applications. These questions will initially be explored using NCDs since commercial adoption will depend heavily upon the price of the CD selected and NCDs will always be the least expensive. The benefits derived from the use of CDs with expensive ingredients (e.g., flavors, fragrances)have already become accepted commercial uses for CMCDs (chemically modified CDs) and (naturally modified CD's) NMCDs.

Competition

The Company is currently a leading consultant in determining manufacturing standards and costs for CDs and CMCDs. However, there will always exist the potential for competition in this area since no patent protection can be comprehensive and forever exclusive. Nevertheless, there is a perceived barrier to entry into the CD industry because of the lack of general experience with CD complexation procedures. The Company has established a strong business relationship with one of the experts in this field -- Cyclolab in Hungary -- and has utilized the services and expertise of this laboratory. The Company believes this relationship provides a significant marketing lead time, and combined with a strong marketing presence, will give the Company a two to three year lead time advantage over its competitors.

In 2002 we became the exclusive North American distributor of the CD products manufactured by Cyclolab. We intend to form additional business relationships with Cyclolab in Hungary by creating a Cyclolab-USA laboratory facility and thereby strengthen our competitive advantage. CTD Holdings continues to consider Cyclolab as a potential acquisition, even after the failed 2006 effort due to misrepresentation by potential investors that has led to continuing litigation. Cyclolab will certainly play a leading role in the future Josef Szejtli Research Park at the Company's current corporate site.

Government Regulation

Under the Federal Food, Drug and Cosmetic Act ("Food and Drug Act"), the Food and Drug Administration ("FDA") is given comprehensive authority to regulate the development, production, distribution, labeling and promotion of food and drugs. The FDA's authority includes the regulation of the labeling and purity of the Company's food and drug products. In the event the FDA believes any company is not in compliance with the law, the FDA can institute proceedings to detain or seize products, enjoin future violations or assess civil and/or criminal penalties against that Company.

The FDA and comparable agencies in foreign countries impose substantial requirements upon the introduction of therapeutic drug products through lengthy and detailed laboratory and clinical testing procedures, sampling activities and other costly and time consuming procedures. The extent of potentially adverse government regulations which might arise from future legislation or administrative action cannot be predicted.

Under present FDA regulations, FDA defines drugs as "articles intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease in man." The Company's product development strategy is to first introduce a product that will not be regulated by the FDA as a drug because all of its ingredients are natural products or is generally regarded as safe (GRAS) by the FDA. The Company is continually updated by counsel as to changes in FDA regulations that might affect the use of and claims for these products. There is no assurance that the FDA will not take the position that the Company's food and nutritional supplement products are subject to requirements relating to drug development and sale. The effect of such determination could be to limit or prohibit distribution of such products.

Employees

The Company employed three persons on a full time basis. None of the Company's employees belong to a union. The Company believes relations with its employees are good.

Item 2. Description of Property.

In 2000, the Company bought approximately 40 acres in western Alachua County, Florida, (the "Property") for a purchase price of $210,000 which was paid for in part by a new first mortgage of $150,000. The Property had been developed in part as a mushroom growing facility. While the Company has discontinued mushroom growing operations on the Property, the Company continues to use the Property as its corporate headquarters. Its present 6,000 sq.ft. facility is expected to be adequate to house the Company's operations for the foreseeable future.

In March 2008, the Company paid off the mortgage in the first step to create the research park. The Property is in a region that is experiencing moderate population and development growth which has increased the market value of the Property. Management believes the limits of insurance coverage are adequate for the Property.

The Property has a 6,000 sq.ft. facility from which the Company operates its corporate offices. The anticipated remaining useful life of the facility is undetermined, but in Management's estimate exceeds 25 years. The Property's federal tax basis, rate, and method are, respectively, $162,000, 40 years, and straight-line. The realty tax rate and annual realty taxes assessed on the Property for the year ended December 31, 2007, are 21.1152 mils and $2,890.68, respectively.

Item 3. Legal Proceedings.

On February 7, 2007, Registrant and C.E. Rick Strattan filed suit in Circuit Court in Palm Beach County, Florida, (Case Number 2007CA001818XXXXMB) seeking the return of the Class A Preferred Share and damages from defendants Eline Entertainment Group, Inc., Eline Holding Group, Inc., Yucatan Holding

Company, Steven T. Dorrough, Jayme Dorrough, and Barry Rothman, based on representations made in connection with the Share Exchange Agreement dated August 11, 2005, as amended and the enforcement of the agreement.

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

None.

Part II

Item 5. Market for Common Equity and Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities.

In October 1994, the Company's securities began trading on the OTC Bulletin Board and in the over-the-counter market "pink sheets" under the symbol CTDI. In 2000, CTDI did a 2 for 1 split of its common shares from approximately 2.3 million to 4.6 million issued and outstanding. In conjunction with that restructuring, we changed the name of CTDI to CTD Holdings, Inc; CTDI was then incorporated as a Florida corporation and became a wholly owned subsidiary of CTD Holdings, Inc. In 2000 CTD Holdings, Inc. changed its trading symbol to CTDH.OB and currently trades on the OTC Bulletin Board as CTDH.OB. Since the commencement of trading of the Company's securities, there has been an extremely limited market for its securities. The following table sets forth high and low bid quotations for the quarters indicated as reported by the OTC Bulletin Board.

		High	Low
2006	First Quarter	$ 0.09	$ 0.03
	Second Quarter	$ 0.07	$ 0.04
	Third Quarter	$ 0.05	$ 0.03
	Fourth Quarter	$ 0.05	$ 0.02
2007	First Quarter	$ 0.05	$ 0.02
	Second Quarter	$ 0.05	$ 0.02
	Third Quarter	$ 0.04	$ 0.02
	Fourth Quarter	$ 0.05	$ 0.02

Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not represent actual transactions.

Holders

As of March 11, 2008, the number of holders of record of shares of common stock, excluding the number of beneficial owners whose securities are held in street name was approximately 78.

Dividend Policy

The Company will not pay any cash dividends on its common stock in 2006 because it intends to retain its earnings to finance the expansion of its business. Thereafter, declaration of dividends will be determined by the Board of Directors in light of conditions then existing, including without limitation the Company's financial condition, capital requirements and business condition.

Recent Sales of Unregistered Securities

None.

Item 6. Management's Discussion and Analysis or Plan of Operation.

Introduction

CTD Holdings, Inc. (referred to as the "Company," "CTD," or "we," "us," and "our") began operations in 1990. Our revenues are principally derived from the resale of cyclodextrins and cyclodextrin complexes. Our sales are primarily to major chemical supply houses around the world, pharmaceutical companies, food companies for research and development and to diagnostics companies. We acquire our products principally from outside the United States, largely from Japan and Hungary, but are gradually finding satisfactory supply sources in the United States. While we enjoy lower supply prices from outside the United States, shipping costs for our current order quantities are making domestic sources more competitively priced. To add value to our products, we maintain a database of patented and patent pending uses of cyclodextrins as recorded by the United States Patent & Trademark Office. We also maintain a database that includes patents issued in many other countries of the World. This information is available to our customers. We also offer our customers our knowledge of the properties and potential new uses of cyclodextrins and complexes.

As most of our customers use our cyclodextrin products in their research and development activities, the timing, product mix, and volume of their orders from us are unpredictable. We also have four major customers who have a significant effect on our revenues when they increase or decrease their research and development activities that use cyclodextrins. We keep in constant contact with these customers as to their cyclodextrin needs so we can maintain the proper inventory composition and quantity in anticipation of their needs. The sales to major customers and the product mix and volume of products sold has a significant effect on our revenues and gross profit. These factors contribute to our potentially significant revenue volatility from quarter to quarter and year to year.

In 2004, we authorized a series of "blank check" preferred stock consisting of 5,000,000 shares and creating a series of Series A Preferred Stock. The more significant right is Series A Preferred shareholders vote with the holders of common stock on all matters submitted to a vote of our shareholders. Share of Series A Preferred Stock are entitled to one vote more than one-half of all votes entitled to be cast by all holders of voting capital stock of the Company on any matter submitted to holders of common shares 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 holders of common shares. In 2004, we issued one share of Series A Preferred Stock to C.E. Strattan, our majority shareholder in exchange for 1,029,412 shares of common stock held by him, which he voluntarily surrendered to the Company and were cancelled. Effective August 11, 2005, C.E. Strattan contractually transferred the one outstanding share of Series A Preferred Stock to Eline Entertainment Group, Inc. (Eline). The agreement with Eline provides for advances to the Company of up to an aggregate of $1,500,000 to acquire Cyclolab, at Eline's sole discretion. Eline is an SEC reporting company currently not in reporting compliance. In September 2006, the company's President, Mr. Strattan, demanded, in accordance with the expired contract, the return of the Series A Preferred Stock in the form of a stock power authorization since the physical share never left the possession of its original owner, Mr. Strattan. The demand letter was sent to the address given in the contract and was never acknowledged nor responded to by Eline. The Company has filed a legal action with regard to its agreement with Eline. See "Legal

Proceedings".

The Company's Board of Directors has decided to create an additional class of preferred share to be referred to as the Series B Preferred Share. The Series B Preferred Share would entitle the holder to vote, in addition to other shares owned by the holder, the number of votes equal to the number of the authorized, but unissued common shares of the Company. Action to approve the proposed amendment would not occur until an Information Statement is filed and approved by the Securities and Exchange Commission.

Liquidity and Capital Resources

Our cash, short-term investments and certificates of deposit increased to $474,000 as of December 31, 2007, from $159,000 at December 31, 2006. Our cash flow from operations for 2007 was $370,000 compared to $26,000 for 2006. The increased cash flow from operations is due primarily to increased sales.

We have $1,300,000 in net operating loss carryforwards that can be used to offset our current and future taxable net income and reduce our income tax liabilities. In 2007, we recognized $450,000 in deferred tax assets as the result of reducing our deferred tax asset valuation allowance to 0% from 100%.

Sales increased 39% to $751,000 from $542,000 in 2006. In addition, our gross profit percentage increased to 84% from 76% in 2006. For 2007, we had net income of $654,000 compared to a loss of $(102,000) in 2006.

We believe our working capital is sufficient to run our operations at current and expected future operating levels into the near future. We do not require capital in the next twelve months for normal operations.

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

Beginning in 2003, we began improvements and renovations of our corporate office and have invested $140,000 through December 31, 2006.

During 2007, we capitalized $51,000 of facility improvements, including paving our limerock driveway and completing our office renovation. Currently we are conducting an extensive survey of our 40 acres of property and existing facilities in preparation for developing a total site plan for our Research Park facility. In 2008, we plan to renovate three existing structures to be an inventory warehouse and an educational auditorium at a estimated cost of $60,000. These buildings have been previously idle. Over the next five years, we plan to renovate or construct at least six buildings for an estimated cost of $150,000.

Our plans for the research park are contingent on the Company's ability to fund our building plan from operating profits and cash flow. We do not plan to incur additional debt.

During 2007, we began a major upgrade and update of our searchable cyclodextrin patent database. This database is an important resource for our customers seeking information on existing U.S. patented applications of cyclodextrins. We capitalized $33,000 for this database. We expect the initial project to cost $55,000 and to be completed by March 31, 2008 and to begin selling subscriptions to customers. In 2008, we will enter all U.S. patent applications and continue to enhance the database for ease of use and completeness. We expect enhancement and maintenance costs to be $20,000 annually for the foreseeable future.

We issued 5,118,750 shares and 1,805,873 shares of our common stock to officers and employees for compensation earned under employment agreements for 2007 and 2006, respectively.

We have no off-balance sheet arrangements as of December 31, 2007.

Results of Operations and Critical Accounting Policies and Estimates

The results of operations are based on the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States. The preparation of consolidated financial statements requires management to select accounting policies for critical accounting areas as well as estimates and assumptions that affect the amounts reported in the consolidated financial statements. The Company's accounting policies are more fully described in Note 1 of Notes to Consolidated Financial Statements. Significant changes in assumptions and/or conditions in our critical accounting policies could materially impact the operating results. We have identified the following accounting policies and related judgments as critical to understanding the results of our operations.

Long-Lived Assets

The recoverability of long-lived assets is evaluated annually or more frequently if impairment indicators exist. Indicators of impairment include historical financial performance, operating trends and our future operating plans. If impairment indicators exist, we evaluate the recoverability of long-lived assets on an operating unit basis based on undiscounted expected future cash flows before interest for the expected remaining useful life of the operating unit. Recorded values for long-lived assets that are not expected to be recovered through undiscounted future cash flows are written down to current fair value, which is generally determined from estimated discounted future net cash flows for assets held for use or net realizable value for assets held for sale.

At the end of 2007, we began to renovate three buildings in our corporate office park that were idle from our former mushroom farming operation. The carrying value of these long-lived assets is $75,000. During 2006, the Company recorded a $12,500 impairment allowance for an autoclave not currently used in the Company's operation. In 2007, we removed the autoclave from the building and are attempting to sell it. We are currently renovating one building to be used as an inventory warehouse and the other two are being combined and renovated to make an auditorium.

Valuation Allowance on Deferred Tax Assets

SFAS 109, "Accounting for Income Taxes" requires that deferred tax assets be evaluated for future realization and reduced by a valuation allowance to the extent we believe a portion will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets including our recent cumulative earnings experience, expectations of future taxable income, the carry-forward periods available to us for tax reporting purposes, and other relevant factors. Our net deferred tax assets are $450,000, comprised principally of $1,300,000 of net operating loss carryforwards (NOLs), with the remaining portion related to temporary timing differences between tax and financial reporting. Classification of deferred tax assets between current and long-term categories is based on the expected timing of realization, and the valuation allowance is allocated on a prorata basis.

For 2007, we reported net income before taxes of $204,000. In 2007, we reduced our valuation allowance of our deferred tax asset to 0% from 100% due to our current and expected future profitability, and recorded a $450,000 income tax benefit and deferred tax asset. Our sales level has increased to an amount that supports expected profitability on a continuing basis for at least the next three to five years. During 2006, we maintained our historical deferred tax asset valuation allowance at 100% based on the Company's history of prior losses, and our sales volatility that collectively reduces the chance of realization of our deferred tax assets. The range of possible judgments relating to the valuation of our deferred tax asset is very wide. For example, in 2005 and 2006, we have determined the weight of available evidence did not support a decision that a portion of our deferred tax assets will be realized, resulting in a valuation allowance of 100%. Alternatively, if we had concluded that the weight of available evidence supported a decision that substantially all of our deferred tax assets may be realized, we would have a substantial income tax benefit in our statement of operations prior to 2007.

Significant judgment is required in making this assessment, and it is very difficult to predict when, if ever, our assessment may conclude our deferred tax assets are realizable.

2007 Compared to 2006

Total product sales for 2007 were $751,000, a 39% increase over 2006 sales of $542,000. Our major customers continue to be repeat purchasers. In 2007, our four largest customers accounted for 59% of our sales; the largest accounted for 20% of sales. In 2006, our four largest customers accounted for 58% of our sales; the largest accounted for 22% of sales.

Our gross profit margin of 85% for 2007 increased significantly compared to 77% for 2006. For 2007, our product sales of Trappsol HPB increased, which significantly increased our overall gross margin. Historically, changes in the sales product mix has a significant effect on our overall gross profit percentage from period to period. During our attempt to acquire CycloLab during 2006, we were buying most of our products from CycloLab. For 2006, this practice resulted in temporary increased product costs and lower gross margins for some products than we had experienced historically. For 2007, our gross profit has increased to normal historical levels. Management expects our gross profit to remain in the 80% range for 2008.

Our SG&A expenses increased to $439,000 in 2006 from $351,000 in 2005 (excluding $112,000 of costs in 2006 related to the attempted acquisition of Cyclolab), primarily as a result of an increase in stock based compensation to officers and employees and increased litigation expenses. Our stock compensation was $150,000 in 2007 compared to $84,000 in 2006. In 2006, we incurred $112,000 in direct expenses related to consulting, legal and accounting fees incurred as a result of the Company's attempted acquisition of Cyclolab.

For 2007 and 2006, the Company had employment agreements with two officers for cash and stock compensation. For 2007, the Company awarded 5,118,750 shares and recognized an expense of $150,000 for stock awarded under these arrangements. For 2006, the Company awarded 1,805,873 shares and recognized an expense of $84,000 for stock awarded under these arrangements.

In 2006, Management determined the sports memorabilia collection to be fully impaired due to lack of marketability and recorded an impairment charge of $50,402.

We may incur significant future legal fees as the result of our continuing lawsuit with Eline Entertainment Group, Inc.

Interest income increased from the investment of cumulative positive cash from operations.

In 2007, we reduced the valuation allowance of our deferred tax asset from 100% to 0% due to our current and expected future profitability, and recorded a $450,000 income tax benefit and deferred tax asset. For 2006, we maintained the valuation allowance of our deferred tax asset at 100% and did not have a net income tax benefit or expense.

We recognized net income for 2007 of $654,000 compared to a net loss of $(102,000) for 2006.

We will continue to introduce new products that will increase sales revenue and implement a strategy of creating or acquiring operational affiliates and/or subsidiaries that will use CD's in herbal medicines, waste-water remediation, pharmaceuticals, and foods. We also intend to pursue exclusive relationships with major CD manufacturer(s) and specialty CD labs to distribute their products. We continue to be the exclusive distributor in North America of the CD products manufactured by Cyclolab Research Laboratories in Budapest, Hungary.

In keeping with its commitment to use the internet as a major advertising and public relations outlet, we continue to maintain our web site. This asset has been instrumental in creating and maintaining a worldwide leadership role for us in the implementation of research and commercialization of CD applications. We believe the maintenance and growth of our web site will return that investment many times.

Forward-looking Statement

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 Cyclodextrins; changes in governmental laws and regulations surrounding various matters, such as labeling disclosures; production and pricing levels of important raw materials; difficulties of delays in the development, production, testing and marketing of products; and product margins and customer product acceptance.

Item 7. Financial Statements.

BAUMANN, RAYMONDO & COMPANY, P.A.
405 NORTH REO STREET, SUITE 200
TAMPA, FL 33609

Report of Independent Registered Public Accounting Firm

To the Board of Directors

CTD Holdings, Inc.
High Springs, Florida

We have audited the consolidated balance sheet of CTD Holdings, Inc. and subsidiary as of December 31, 2007, and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CTD Holdings, Inc. and subsidiary as of December 31, 2007, and the results of their operations and their cash flows for the years ended December 31, 2007 and 2006, in conformity with U.S. generally accepted accounting principles.

We were not engaged to examine management's assertion about the effectiveness of CTD Holdings, Inc. internal control over financial reporting as of December 31, 2007 included in the accompanying management's report on internal control and, accordingly, we do not express an opinion thereon.

\s\ Baumann, Raymondo & Company, P.A.

Baumann, Raymondo & Company PA
Tampa, Florida
March 18, 2008

CTD HOLDINGS, INC.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2007

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 209,981
Certificate of deposit	100,000
Accounts receivable	85,434
Inventory	107,624
Deferred tax asset	75,000
Investment due from related party	853
Other current assets	2,442
Total current assets	581,334
PROPERTY AND EQUIPMENT, NET	437,435
OTHER	
Certificates of deposit	163,985
Deferred tax asset	375,000
Intangibles, net of accumulated amortization of $5,910	40,967

Total other assets	579,952
TOTAL ASSETS	$ 1,598,721

The accompanying notes to consolidated financial statements are an integral part of this statement.

CTD HOLDINGS, INC.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2007
(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 73,664
Current portion of long-term debt	3,942
Total current liabilities	77,606
LONG-TERM LIABILTIES	
Long-term debt, less current portion	136,132
Loan from officer	21,330
Total long-term liabilities	157,462
STOCKHOLDERS' EQUITY	
Common stock, par value $.0001 per share, 100,000,000 shares authorized, 20,824,291 shares issued and outstanding	2,083
Preferred stock, par value $.0001 per share, 5,000,000 shares authorized; Series A, 1 share issued and outstanding	-
Additional paid-in capital	3,030,737
Accumulated deficit	(1,669,167)
Total stockholders' equity	1,363,653
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,598,721

The accompanying notes to consolidated financial statements are an integral part of this statement.

CTD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
PRODUCT SALES	$ 751,176	$ 542,313

COST OF PRODUCTS SOLD	118,403	125,188
GROSS PROFIT	632,773	417,125
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Selling, general and administrative	400,488	345,772
Legal expenses	38,616	4,903
Acquisition Costs - Cyclolab	-	112,353
Total, selling, general and administrative Expenses	439,104	463,028
SPORTS MEMORABILIA COLLECTION		
Other income (expense)	_	(50,402)
OTHER INCOME (EXPENSE)		
Investment and other income	23,974	19,365
Interest expense	(10,748)	(11,049)
Loss on disposal of equipment	(3,341)	(13,836)
Total other income (expense)	9,885	(5,520)
NET INCOME (LOSS) BEFORE INCOME TAXES	$ 203,554	$ (101,825)
INCOME TAX Benefit	450,000	-
NET INCOME (LOSS)	$ 653,554	$ (101,825)
NET INCOME (LOSS) COMMON SHARE:	$ .036	$ (.007)
Weighted average number of common shares outstanding	17,919,985	14,815,279

The accompanying notes to consolidated financial statements are an integral part of these statements.

CTD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	COMMON STOCK		PREFERRED STOCK		ADDITIONAL PAID-IN
	SHARES	PAR VALUE	SHARES	PAR VALUE	CAPITAL
Balance, December 31, 2005	13,899,668	$ 1,390	1	$ -	$ 2,797,298
Shares issued under employment agreements	1,791,873	179	-	-	83,406
Shares issued for services	14,000	2	-	-	558

Net loss	-	-	-	-	-
Balance, December 31, 2006	15,705,541	1,571	1	-	2,881,262
Shares issued under employment agreements	5,062,501	506	-	-	148,097
Shares issued for services	56,249	6	-	-	1,378
Net income	-	-	-	-	-
Balance, December 31, 2007	20,824,291	$ 2,083	1	$ -	$ 3,030,737

CTD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
DECEMBER 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 653,554	($ 101,825)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	24,368	27,463
Loss on disposal of equipment	3,341	13,836
Stock compensation to employees	149,987	84,145
Impairment adjustment-sports memorabilia col.	-	50,402
Income tax benefit of deferred tax assets	(450,000)	-
Increase or decrease in:		
Accounts receivable	(26,325)	(22,707)
Inventory	(27,877)	(25,162)
Other current assets	21,671	(24,113)
Accounts payable and accrued expenses	21,498	24,075
Total adjustments	(283,337)	127,939
Net cash provided by operating activities	370,217	26,114
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(51,388)	(27,628)
Purchase of certificate of deposit	(263,985)	-
Redemption of certificate of deposit	-	131,381
Patent database developed	(32,913)	-
Redemption (Investment) with related party	134,687	(110,540)
Net cash used in investing activities	(213,599)	(6,787)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term debt	(8,110)	(6,743)
Payments on loan payable to stockholder	-	(3,467)
Payments (loan) to Shareholder	16,514	(16,514)
Loan from shareholder	21,330	-
Net cash provided (used in) financing activities	29,734	(26,724)
Net increase (decrease) in cash and cash equivalents	186,352	(7,397)
CASH AND CASH EQUIVALENTS, beginning of period	23,629	31,026
CASH AND CASH EQUIVALENTS, end of period	$ 209,981	$ 23,629

CTD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
DECEMBER 31, 2007 AND 2006
(Continued)

	2007	2006
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 10,748	$ 11,049
Cash paid for income taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Common stock issued to employees for services	$ 149,987	$ 84,145

The accompanying notes to consolidated financial statements are an integral part of these statements.

CTD HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of the more significant accounting policies of CTD Holdings, Inc. and Subsidiary (the Company) that affect the accompanying consolidated financial statements:

(a) ORGANIZATION AND OPERATIONS - The Company was incorporated in August 1990, as a Florida corporation with operations beginning in July 1992. The Company is engaged in the marketing and sale of cyclodextrins and related products to food, pharmaceutical and other industries. The Company also provides consulting services related to cyclodextrin technology.

(b) BASIS OF PRESENTATION - The consolidated financial statements include the Company and its wholly owned subsidiary. All intercompany accounts and transactions have been eliminated.

(c) CASH AND CASH EQUIVALENTS - For the purposes of reporting cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(d) ACCOUNTS RECEIVABLE - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(e) PROPERTY AND EQUIPMENT - Property and equipment are recorded at cost. Depreciation on property and equipment is computed using primarily the straight-line method over the estimated useful lives of the assets, which range from three to forty years. In accordance with Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," the Company periodically reviews its long-lived assets to determine if the carrying value of assets may not be recoverable. If an impairment is identified, the Company recognizes a loss for the difference between the carrying amount and the estimated value of the asset.

(f) INVENTORY - Inventory consists of cyclodextrin products purchased for resale and chemical complexes. Inventory is recorded at the lower of cost (first-in, first-out) or market.

(g) INTANGIBLES - Intangible assets consist of loan costs and other intangibles recorded at cost. Intangible are amortized using the straight-line method over their respective estimated useful lives. Intangible assets also includes the cost of developing a database of patents applied for and issued involving the use of cyclodextrins. Current costs consist primarily of one computer database consultant. The costs of building the database and manipulating the patent information for retrieval are capitalized. The cost of adding new data (such as foreign patent information) is also capitalized. Capitalized database costs are not amortized because there is no indication of any loss of value. The costs of updating, maintaining and operating the patent database are expensed as incurred. Capitalized patent data base costs were $32,913 at December 31, 2007.

(h) REVENUE RECOGNITION - Revenues are recognized when products are shipped.

(j) ADVERTISING - Advertising costs are charged to operations when incurred.

(k) START-UP COSTS - Start-up costs are expensed as incurred.

(l) DEFERRED INCOME TAXES -- Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

(m) 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. For stock awarded under employment agreements (see Note 2), the monthly stock awarded is treated as issued on the 15th day of each month earned for purposes of computing the weighted average outstanding shares.

(n) STOCK BASED COMPENSATION - The Company follows the requirements of Statement of Financial Accounting Standard No. 123(R) "Share-Based Payment." The Company has employment agreements which call for stock to be awarded to employees each month. The Company recognizes an expense equal to the fair value of the stock determined using the average stock closing trading price for the month multiplied by number of shares awarded for that month. The Company also issues periodic stock bonuses to employees. The Company records an expense equal to the fair value of the stock on the closing trading price of the stock on the day awarded.

(o) RECLASSIFICATIONS - Certain amounts in the 2006 financial statements have been reclassified for comparative purposes to conform with the 2007 presentation.

(p) NEW ACCOUNTING PRONOUNCEMENTS - The Financial Accounting Standards Board ("FASB") has issued several new standards, which have implementation dates subsequent to the Company's year end. Management does not believe that any of these new standards will have a material impact on the Company's financial position, results of operations or cash flows.

(q) USE OF ESTIMATES - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) COMMITMENTS AND CONTINGENCIES

For 2008, the Company has employment agreements with two officers for total monthly salaries of $10,000. In addition, the officers are awarded shares of common stock each month. The number of shares due is equal to $13,500 divided by eighty percent of the closing price of the Company's common stock on the last day of each month. The Company recognizes an expense equal to the fair value of the stock determined using the average stock closing trading price for the month multiplied by number of shares awarded for that month. Also, for 2008, the Company plans to issue shares to one of its employees. The number of shares due is equal to $500 divided by eighty percent of the closing price of the Company's common stock on the last day of each month. The stock is subject to trading restrictions under Rule 144.

For 2007, the Company had employment agreements with two officers for total monthly salaries of $5,500. In addition, each month the President was awarded shares of common stock. The number of shares awarded was equal to a specified dollar amount divided by eighty percent of the closing price of the Company's common stock on the last day of each month. For the period January 1, 2007, through June 30, 2007, the amount was $6,500. For the period July 1, 2007, through December 31, 2007, the amount was $11,500. The Company recognized an expense equal to the fair value of the stock determined using the average stock closing trading price for the month multiplied by number of shares awarded for that month. The stock is subject to trading restrictions under Rule 144. Beginning July 2007, the Company also issued shares to one of its employees. The number of shares due was equal to $200 divided by eighty percent of the closing price of the Company's common stock on the last day of each month. For 2007, the Company awarded 5,118,750 shares and recognized an expense of $150,000 for stock awarded under these arrangements.

For 2006, the Company had employment agreements with two officers for total monthly salaries of $4,900. In addition, the officers were awarded shares of common stock each month. The number of shares due was equal to $6,000 divided by eighty percent of the closing price of the Company's common stock on the last day of each month. The Company recognized an expense equal to the fair value of the stock determined using the average stock closing trading price for the month multiplied by number of shares awarded for that month. The stock is subject to trading restrictions under Rule 144. For 2006, the Company awarded 1,805,873 shares and recognized an expense of $84,145 for stock awarded under these arrangements.

On February 7, 2007, Registrant and C.E. Rick Strattan filed suit in Circuit Court in Palm Beach County, Florida, (Case Number 2007CA001818XXXXMB) seeking the return of the Class A Preferred Share and damages from defendants Eline Entertainment Group, Inc., Eline Holding Group, Inc., Yucatan Holding Company, Steven T. Dorrough, Jayme Dorrough, and Barry Rothman, based on representations made in connection with the Share Exchange Agreement dated August 11, 2005, as amended and the enforcement of the agreement.

(3) PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2007, consists of:

Land	$ 80,000
Buildings and improvements	413,565
Machinery and equipment	22,218
Office furniture and equipment	51,256
	567,039
Less: accumulated depreciation	129,604
	437,435
Construction in progress	-
Property and equipment, net	$ 437,435

(4) CONCENTRATIONS OF CREDIT RISK:

Significant concentrations of credit risk for all financial instruments owned by the Company, are as follows:

(a) DEMAND AND CERTIFICATE OF DEPOSITS - The Company has demand and certificate of deposits in financial institutions that are insured by the Federal Deposit Insurance Corporation up to $100,000. At December 31, 2007, the demand and certificate deposit bank balance was $472,763, plus accrued interest of $1,985. The Company has no policy of requiring collateral or other security to support its deposits.

(b) ACCOUNTS RECEIVABLE - The Company's accounts receivable consist of amounts due primarily from food and pharmaceutical companies located primarily in the United States and the United Kingdom. Two customers accounted for 82% of the accounts receivable balance at December 31, 2007. The Company has no policy requiring collateral or other security to support its accounts receivable.

(c) INVESTMENT WITH RELATED PARTY - The Company has an oral agreement for investment services with a nonprofit organization. The Company's president is also the president of the nonprofit organization. The funds are invested by the nonprofit in a money market account. The Company earns a proportional share of the interest earned in the account. The Company has no policy of requiring collateral or other security to support this amount.

CTD HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(5) MAJOR CUSTOMERS AND SUPPLIERS:

In 2007, three major customers accounted for 49% of total sales.
In 2006, three major customers accounted for 49% of total sales.

Substantially all 2007 and 2006 inventory purchases were from three vendors.

The Company has only one source for certain manufacturing 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.

(6) LONG-TERM DEBT:

Long-term debt consists of the following as of December 31, 2007:

Mortgage note payable to bank, payments of $1,163 due monthly including principal and interest at 7.25%, collateralized by land and buildings with a cost of $210,000	$ 140,074
Less current portion	(3,942)
Long-term debt, less current portion	$ 136,132

Maturities on long-term debt as of December 31, 2007, over the next five years and thereafter are as follows:

Year ending December 31,	Amount
2008	$ 3,942
2009	4,238
2010	4,556
2011	4,897
2012	5,659
2013 and thereafter	116,782
	$ 140,074

(7) RELATED PARTY TRANSACTIONS:

During 2007, the President (who is also the majority common stockholder) loaned the Company $29,000 plus accrued interest of $131. The loan is unsecured and interest accrues at 5%. The loan has been reduced by $7,801 due to the Company by the President.

During 2006, the President (who is also the majority common stockholder) borrowed $16,514. The loan is unsecured and interest accrues at 5%. This loan was a prohibited transaction under Section 402 of the Sarbanes-Oxley Act and was repaid on February 2, 2007.

(8) FAIR VALUE OF FINANCIAL INSTRUMENTS:

Statement of Financial Accounting Standards No. 107 "Disclosures about Fair Value of Financial Instruments" requires disclosure of fair value to the extent practicable for financial instruments, which are recognized or unrecognized in the consolidated balance sheet. The fair value of all financial instruments approximates carrying value due to the short-term maturity of the instruments. The fair value of the financial instruments is not necessarily representative of the amount that could be realized or settled, nor does the fair value amount consider the tax consequences of realization or settlement.

(9) INCOME TAXES:

The Company follows the provisions of Statement of Financial Accounting Standard No. 109 "Accounting for Income Taxes." Differences between accounting rules and tax laws cause differences between the basis of certain assets and liabilities for financial reporting purposes and tax purposes. The tax effect of these differences, to the extent they are temporary, is recorded as deferred tax assets and liabilities. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred assets and liabilities. Temporary differences which give rise to deferred tax assets and liabilities consist of net operating loss carryforwards, accelerated depreciation methods for income tax purposes and interest accrued to related parties but not for tax purposes until paid.

The Company has available at December 31, 2007, unused operating loss carryforwards totaling approximately $ 1,300,000 that may be applied against future taxable income. If not used, the carryforwards will expire as follows:

Year Ending December 31,	Amount
2009	$ 445,000
2010	195,000
2017	206,000
2020	280,000
2021	71,000
2024	66,000
2025	37,000
Total	$ 1,300,000

If all of the operating loss carryforwards and temporary deductible differences were used, the Company would realize a deferred tax asset of approximately $450,000 based upon expected income tax rates. Under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", the deferred tax asset should be reduced by a valuation allowance if it is likely that all or a portion of it will not be realized. Realization depends on generating sufficient taxable income before the expiration of the loss carryforwards.

For 2007, management reduced the valuation allowance of our deferred tax asset to 0% from 100% due to our current and expected future profitability, and recorded a $450,000 income tax benefit and deferred tax asset. For 2006, management determined that a 100% valuation allowance was appropriate, resulting in no income tax expense or benefit for change in its deferred tax asset.

Because of the inherent uncertainties in estimating the valuation allowance on the deferred tax asset, it is at least reasonably possible that the company's estimate deferred tax asset will change in the near term and be material to the financial statements.

	2007	2006
Current income tax benefit (expense)	$ (45,000)	$ 28,000
Tax benefit (expense) of temporary differences	(21,000)	(32,000)
Tax benefit of operating loss carryforwards	66,000	4,000
Decrease (increase) in valuation allowance	450,000	-
Total net tax benefit (expense)	$ 450,000	$ -

(10) SPORTS MEMORABILIA COLLECTION

In 2006, Management determined the sports memorabilia collection to be fully impaired due to lack of marketability and recorded an impairment charge of $50,402.

(11) PREFERRED STOCK

In 2004, the Company amended its Articles of Incorporation authorizing a class of "blank check" preferred stock consisting of 5,000,000 shares thus creating a series of Series A Preferred Stock and set forth its designations, rights and preferences. The more significant right is the Series A share votes together with the holders of the common stock on all matters submitted to a vote of Company holders of common stock, 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 the Company 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. In 2004,the Company issued one share of the Series A Preferred Stock to its majority common shareholder in exchange for 1,029,412 shares of common stock held by the majority common shareholder, which were surrendered to the Company and cancelled. Effective August 11, 2005, the outstanding share of the Company's Series A Preferred Stock was acquired by Eline Entertainment Group, Inc. In

September 2006, the Company's majority common shareholder demanded the transfer to him of the one share of Series A preferred stock in exchange for 100,000 shares of Eline Entertainment Group, Inc. alleging breach of contract. The share certificate of Series A Preferred Stock is in the possession of the Registrant.

The Company's Board of Directors has decided to create an additional class of preferred share to be referred to as the Series B Preferred Share. The Series B Preferred Share would entitle the holder to vote, in addition to other shares owned by the holder, the number of votes equal to the number of the authorized, but unissued common shares of the Company. Action to approve the proposed amendment would not occur until an Information Statement is filed and approved by the Securities and Exchange Commission.

(12) SIGNIFICANT FOURTH QUARTER ADJUSTMENTS

Management reduced its valuation allowance to 0% from 100% due to our current and expected future profitability, and recorded a $450,000 income tax benefit and deferred tax asset in the fourth quarter of 2007.

Item 8. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 8A(T). Controls and Procedures.

a. Management's annual report on internal control over financial reporting.

1. Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with appropriate management authorization and accounting records are reliable for the preparation of financial statements in accordance with generally accepted accounting principles.

2. Internal control over financial reporting is a process tailored to the Company's unique circumstances, designed under the supervision of the Company's Chief Executive and Principal Accounting Officer, and effected by the Company's Board of Directors, its consultants and other personnel, taking into account the small size of the Company, small number of employees and others involved in the Company's finances. The process uses a system of checks and balances 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 and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets and the review of those transactions and dispositions by the Company's compliance officer;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are being made only in accordance with authorizations of management or the Company's Board of Directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material adverse effect on the Company's financial statements.

3. As required by Rule 13a-15(b) under the Exchange Act, our Chief Executive Officer who is also our Principal Accounting Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. The Company's Chief Executive Officer has concluded that the Company's internal control over financial reporting, as of December 31, 2007 was effective.

4. This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

b. Changes in internal controls.

The Company made no changes in its internal control over financial reporting that occurred during the Company's fourth fiscal quarter that has materially affected, or which is reasonably likely to materially affect the Company's internal control over financial reporting.

Item 8B. Other Information.

The Company's Board of Directors has decided to create an additional class of preferred share to be referred to as the Series B Preferred Share. The Series B Preferred Share would entitle the holder to vote, in addition to other shares owned by the holder, the number of votes equal to the number of the authorized, but unissued common shares of the Company. Action to approve the proposed amendment would not occur until an Information Statement is filed and approved by the Securities and Exchange Commission.

PART III.

Item 9. Directors, Executive Officers, Promoters, Control Persons and Corporate Governance; Compliance With Section 16(a) of the Exchange Act.

Two (2) directors, constituting the entire Board of Directors, serve until the next Annual Meeting of shareholders, or until a successor shall be elected and shall qualify:

Name	Age	Principal Occupation	Year First Became Director
C.E. Rick Strattan	62	President, CEO and Chairman	1990
George L. Fails	63	Operations Manager	2001

C.E. Rick Strattan, President, CEO and Director since its 1990. Mr. Strattan served as treasurer of the Company from August, 1990, to May, 1995. From November 1987 through July 1992, Mr. Strattan was with Pharmatec, Inc., where he served as Director of Marketing and Business Development for CDs. Mr. Strattan was responsible for CD sales and related business development efforts. From November, 1985 through May, 1987, Mr. Strattan served as Chief Technical Officer for Boots-Celltech Diagnostics, Inc. He also served as Product Sales Manager for American Bio-Science Laboratories, a Division of American Hospital Supply Corporation. Mr. Strattan is a graduate of the University of Florida receiving a B.S. degree in chemistry and mathematics, and has also received an MS degree in Pharmacology, and an MBA degree in Marketing/Computer Information Sciences, from the same institution. Mr. Strattan has written and published numerous articles and a book chapter on the subject of Cyclodextrins.

George L. Fails, Operations Manager CTD, Inc. since 2000. Mr. Fails currently serves as Operations Manager for CTD, Inc. Prior to joining the Company, Mr. Fails served as a Detective Sergeant with the Veterans Administration Hospital in Gainesville, Florida, with special duties as a Predator Officer with the US Marshall's Service. From 1965 until his retirement in 1986, Mr. Fails served with the US Army Special Forces, including several tours in Vietnam, Salvador, and Angola. Mr. Fails also served two years with a United States intelligence arm. Mr. Fails received his BA from the University of the Philippines, and has also received degrees from 43 Military schools, as well as the Federal police Academy in Little Rock, Arkansas.

Directors, including directors also serving the Company in another capacity and receiving separate compensation therefor shall be entitled to receive from the Company as compensation for their services as directors such reasonable compensation as the board may from time to time determine, and shall also be entitled to reimbursements for any reasonable expenses incurred in attending meetings of directors. To date, the Board of Directors has received no compensation, and no attendance fees have been paid.

Audit Committee Financial Expert

No one on our Board of Directors can be deemed to be an audit committee financial expert. Our business model is not complex and our accounting issues are straightforward. Responsibility for our operations is centralized within our executive management, which is comprised of two persons. We recognize that having a person who possesses all of the attributes of an audit committee financial expert would be a valuable addition to our Board of Directors, however, we are not, at this time, able to compensate such a person therefore, we may find it difficult to attract such a candidate.

Code of Ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our code of ethics will be provided to any person without charge, upon request. Requests should be addressed to Investor Relations Department, c/o CTD Holdings, Inc., 27317 N.W. 78th Avenue, High Springs, Florida 32643.

Item 10. Executive Compensation.

SUMMARY COMPENSATION TABLE

						Long-te
	Annual compensation				Awards	
Name & principal	Year	Salary ($)	Bonus ($)	Other annual compensation ($)	Restricted stock awards ($)	Securiti underlyi options/S (#)
C.E. Rick Strattan	2007	$ 36,000	$ 25,000	-0-	$ 60,000.00 (2)	-0-
President, CEO	2006	$ 36,000	-0-	-0-	$ 60,000.00 (6)	-0-
Chairman	2005	$ 36,000	$ 30,000 (5)	-0-	$ 76,290.00 (1)	-0-
George L. Fails	2007	$ 30,000	-0-	-0-	-0-	-0-
Operations Manager	2006	$ 22,800	-0-	-0-	$ 12,000.00 (4)	-0-
	2005	$ 16,478	-0-	-0-	$ 15,384.00 (3)	-0-

(1) Reflects grant of 1,202,626 shares
(2) Reflects grant of 5,062,501 shares
(3) Reflects grant of 240,525 shares
(4) Reflects grant of 298,644 shares
(5) Reflects grant of 500,000 shares
(6) Reflects grant of 1,493,229 shares

On October 14, 2003, the Company entered into a one-year Employment Agreement with C.E. Rick Strattan, the Company's president, with an annual salary of $36,000 and $5,000 per month in restricted common shares of the Company through June 30, 2007. For the period January 1, 2007 though June 30, 2007, the number of shares was $6,500 per month. For the period July 1, 2007, though December 31, 2007, the number of shares was $11,500 per month. The number of shares awarded is based on the closing value of the Company's shares on the last day of the month in which the shares are awarded. The Company has agreed to register Mr. Strattan's shares awarded pursuant to his employment contract. This contract was extended through December 31, 2008, at a base annual salary of $84,000 and $12,500 per month in stock.

Effective January 1, 2004, the Company entered into a one-year Employment Agreement with George L. Fails to serve as Operations Manager. Mr. Fails is compensated $1,900 monthly, plus $1,000 per month in restricted common shares of the Company, based on the closing value of the Company's shares on the last day of the month in which the shares are awarded. No shares were awarded in 2006. This contract was extended through December 31, 2008, at a base annual salary of $36,000 and $1,000 per month in stock.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table shows the ownership of the Common Stock of the Company on March 11, 2008, by each person who, to the knowledge of the Company, owned beneficially more than five percent (5%) of such stock, the ownership of each director, and the ownership of all directors and officers as a group. Unless otherwise noted, shares are subject to the sole voting and investment power of the indicated person.

Names and Address of Individual	Amount and Nature of	Approximate %

or Identity of Group	Beneficial Ownership	of Class
C.E. Rick Strattan .... 4123 N.W. 46th Avenue Gainesville, FL 32606	4,441,466	33.88%
George L. Fails............................. 2420 N.W. 142nd Avenue Gainesville, FL 32609	741,091	5.65%
Aspatuck Holdings, Inc.	2,750,000	20.98%
Kiaran Nicole Brooks .... 4123 N.W. 46th Avenue Gainesville, FL 32606	830,000	6.33%
All Officers and Directors as a group	5,182,557	39.53%

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaini available for futu issuance under equ compensation plans (excluding securit reflected in colum (c)
Equity compensation plans approved by security holders	None	Not Applicable	Not Applicable
Equity compensation plans not approved by security holders	* * * * * * * * * * * * See Note 1 to Table (below) * * * * * * * * * * *		
Total			

Notes to Equity Compensation Plan Table:

Note 1 -- The Company has employment agreements terminating on December 31, 2007 with two employees. These agreements require the Company to compensate these employees, collectively, with $6,000 per month in restricted common shares of the Company based on the closing value of the Company's shares on the last day of the month in which the shares are awarded

Item 12. Certain Relationships and Related Transactions, and Director Independence.

Mr. Strattan periodically advances the Company short-term loans and defers receipt of salary. The Company owes the stockholder $21,330 at December 31, 2007. The loan is unsecured and interest accrues at 5%. Interest expense related to the loan totaled $131 for the year ended December 31, 2007.

Item 13. Exhibits.

Exhibits	Page
(2) Plan of purchase, sale, reorganization, arrangement, liquidation, or succession	
(3) Articles of incorporation and by-laws	
(i) Articles of Incorporation filed August 9, 1990 *	None
(ii) By-Laws. *	None
(iii) Certificates of Amendment to the Articles of Incorporation filed November 18, 1993 and September 24, 1993. *	None
(4) Instruments defining the rights of security holders, including indentures	
(a) Specimen Share Certificate for Common Stock. *	None
(6) No exhibit required	N/A
(9) Voting Trust Agreement and amendments	None
(10) Material Contracts	
(10.1) Agreement of Shareholders dated November 11, 1993 by and among C.E. Rick Strattan, Garrison Enterprises, Inc. and the Company. *	None
(10.2) Lease Agreement dated July 7, 1994**.	None
(10.3) Consulting Agreement dated July 29, 1994 between the Company and Yellen Associates. *	None
(10.4) License Agreement dated December 20, 1994 between the Company and Herbe Wirkstoffe GmbH. *	None
(10.5) Joint Venture Agreement between the Company and Ocumed, Inc. dated May 1, 1995, incorporated by reference to the Company's Form 10-QSB for the quarter ended June 30, 1995.**	None
(10.6) Extension of Agreement between the Company and Herbe Wirkstoffe GmbH.***	None
(10.7) Lease Extension+	
(10.8) Loan Agreement with John Lindsay+	
(10.9) Small Potatoes Contract+	
(10.10) Employment Agreement with C.E. Rick Strattan dated May 30, 2001++	
(10.11) Employment Agreement of C.E. Rick Strattan dated October 14, 2003+++	

(10.12)	Employment Agreement of George L. Fails dated October 14, 2003****	
(11)	Statement re: computation of per share earnings	Note 1(k) to Financial Statements
(12)	No exhibit required	N/A
(13)	Annual report to security holders for the last fiscal year, Form 10-Q or 10-QSB or quarterly report to security holders	
(14)	Code of Ethics	
(16)	Letter on changes in certifying accountant***	None
(18)	Letter on change in accounting principles	None
(21)	Subsidiaries of the small business issuer	None
(22)	Published Report regarding matters submitted to vote of security holders	None
(23)	Consent of experts and counsel	None
(24)	Power of Attorney	None
(31)	Rule 13a-14(a)/15d-14a(a) Certifications****	
(32)	Section 1350 Certifications****	
(99)	Additional Exhibits	
(100)	XBRL-Related Documents	

* Incorporated by reference to the Company's Form 10-SB filed with the Securities and Exchange Commission on February 1, 1994.

** Incorporated by reference to the Company's Form 10-KSB filed with the Securities and Exchange Commission on March 29, 1997.

*** Incorporated by reference to the Company's Form 10-KSB filed with the Securities and Exchange Commission on March 28, 2000.

**** Filed herewith.

+ Incorporated by reference to the Company's Form 10-KSB filed with the Securities and Exchange Commission on April 2, 2001.

++ Incorporated by reference to the Company's Form 10-KSB filed with the Securities and Exchange Commission on April 1, 2002.

+++ Incorporated by reference to Form S-8 filed December 1, 2003.

Item 14. Principal Accountant Fees and Services.

Audit Fees

The aggregate fees billed for the last fiscal year for professional services rendered by the principal accountant, Baumann, Raymondo & Company for the audit of the Company's annual financial statements and review of financial statements included in the Company's Form 10-QSB or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years was $33,250.00.

Audit-Related Fees

No fees were billed during the last fiscal year for any assurance and related services by Baumann, Raymondo & Company that are not reported under the caption "Audit Fees".

Tax Fees

No fees were billed during the last fiscal year for professional services rendered by Baumann, Raymondo & Company for tax compliance, tax advice, or tax planning.

All Other Fees

No other fees were billed during the last fiscal year for professional services provided by Baumann, Raymondo & Company.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CTD HOLDINGS, INC.

By: /s/ C.E. Rick Strattan

C.E. RICK STRATTAN,
Chief Executive Officer
Chief Operating Officer
Principal Accounting Officer
Date: April 4, 2008

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ C.E. Rick Strattan

C.E. RICK STRATTAN
Chief Executive Officer
Chief Operating Officer
Principal Accounting Officer
Director
Date: April 4, 2008

By: /s/ George L. Fails

GEORGE L. FAILS
Director
Date: April 4, 2008