CTD HOLDINGS INC
Form 10-K
March 30, 2009

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

Form 10-K

(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, 2008

( ) 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)	(I.R.S. Employer Identification No.)

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

Registrant's telephone number, including area code: (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)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes (_) No (X)

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes (_) No (X)

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.

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not 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-K or any amendment to this Form 10-K. (_)

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

Large accelerated filer (_)
Accelerated filer (_)
Non-accelerated filer (Do not check if a smaller reporting company) (_)
Smaller reporting company (X)

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

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 last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: $640,825 based on the average high $.07 and low $.04 price as of June 30, 2008, of $.06 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.

Indicate the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date: 26,542,438 shares of Common Stock as of February 28, 2009.

PART I

Item 1. 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 1A. Risk Factors.

Item 2. Properties.

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.

None.

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

None.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and 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
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
2008	First Quarter	$ 0.03	$ 0.02
	Second Quarter	$ 0.08	$ 0.03
	Third Quarter	$ 0.08	$ 0.02
	Fourth Quarter	$ 0.06	$ 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 February 27, 2009, 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 70.

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 7. 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 product margins. 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". Currently, the Company has received a verbal offer from a representative of Eline whereby each party would waive its rights and claims in regard to the other. The Company's Board of Directors is considering its response.

The Company's Board of Directors had previously decided to create an additional class of preferred shares 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. Currently, the Company's Board of Directors has put the filing of this information statement on hold.

Liquidity and Capital Resources

Our cash, short-term investments and certificates of deposit decreased to $277,000 as of December 31, 2008, from $310,000 at December 31, 2007. This decrease was due primarily to significantly unusual uses of cash in 2008 such as increasing inventory by $102,000, retiring the mortgage on our property of $140,000, $59,000 for patent database development and $25,000 to purchase equipment and improve our physical facilities. We have not experienced and do not expect to have any valuation issues or access restrictions to our cash accounts and short-term investments.

Our working capital was $444,000 at December 31, 2008 compared to $504,000 at December 31, 2007. Our cash flow from operations for 2008 was $65,000 compared to $370,000 for 2007. The decreased cash flow from operations is due primarily to decreased sales and an increase in inventory.

We had accumulated almost $500,000 in cash through January 2008, which is in excess of our requirements for normal operations and capital projects. We determined the best use of our additional cash was to pay off the $140,000 mortgage on our property, which we did in February 2008. This reduces interest expense $850 per month. We also significantly increased our inventory for our two most profitable bulk products. In April 2008, we ordered $46,000 of the product HPB from a Japanese supplier, and in July 2008 we ordered $80,000 of the product Methyl-Beta from a German supplier. We increased our inventory of these two products based on our estimate of future industry purchase trends and recent product inquiries from our larger customers. These products have a three month or more lead time to acquire from our suppliers in the quantity purchased. Because we now have these products in stock, we have an increased opportunity to fill any large orders we may receive. Due to increased shipping costs, it is also less costly to buy and ship larger quantities from our suppliers. If these large orders do not materialize, we can sell this product in the normal course of business. Our current inventory of these two product represents approximately two years of our historical sales volume of these products.

In October 2008, we announced a plan to repurchase up to $150,000 of currently outstanding common stock. We have not determined the exact timing of these share repurchases.

We have $1,275,000 in net operating loss carryforwards that can be used to offset our current and future taxable net income and reduce our income tax liabilities. However, $640,000 of those net operating losses expire in 2009 and 2010 and management does not believe it will be able to fully utilize these net operating losses before they expire. In 2008, we increased our valuation allowance for our deferred tax asset by $180,000 in anticipation that this portion of our deferred tax asset will not be utilized. 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%.

Operating Results

Sales decreased 34% to $495,000 in 2008 from $751,000 in 2007. This is after a 39% increase in sales from 2006 to 2007. Our cost of products sold (excluding any allocation of direct and indirect overhead and handling costs) was consistent at $99,000 in 2008 compared to $101,000 for 2007. For 2008, we had a net loss of $(413,000), which included a deferred tax provision of $200,000, compared to net income of $654,000, which included a deferred tax benefit of $45,000, in 2007.

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 profitable financial performance.

Beginning in 2003, we began improvements and renovations of our corporate office and have invested $148,000 through December 31, 2008. During the year ended December 31, 2008, we capitalized $25,000 of improvements including paving the first 300 feet of our driveway. 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 2009, 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.

Currently, we are developing a site plan for the research park including survey, engineering and design. The progress of the site plan is contingent on the Company's ability to fund our building plan from operating profits and cash flow. At the conclusion of the site plan, we plan to raise additional capital by offering shares to finance the building construction of the research park.

During 2007, we began a major upgrade and update of our searchable cyclodextrin patent database. We capitalized $33,000 for this project in 2006 and capitalized an additional $59,000 through October 2008. In October 2008, we determined that the database was functionally impaired and we expensed the entire development cost of $92,000.

We issued 5,718,147 shares and 5,118,750 shares of our common stock to officers and employees for compensation earned under employment agreements for 2008 and 2007, respectively.

We have no off-balance sheet arrangements as of December 31, 2008.

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 sold it in 2008. 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 $250,000 ($430,000 less a $180,000 valuation allowance), comprised principally of $1,275,000 of net operating loss carryforwards (NOL's), 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 2008, we reported net loss before taxes of $(213,000). In 2008, we increased our valuation allowance of our deferred tax asset to 47% from 0% due to the expiration of $640,000 in net operating losses in 2009 and 2010 and our current and expected future profitability, and recorded a $200,000 income tax expense and reduction in our deferred tax asset. Our sales level decreased in 2008 and we expect sales growth to be slow in the near term consistent with the overall U.S. economy and then we expect our sales to return to a modest growth starting in 2010.

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.

Comparability of Cost of Products Sold and Gross Margin

Our gross margins may not be comparable to those of other entities, since some entities include all the costs related to their distribution network in cost of goods sold. Our cost of goods sold includes only the cost of products sold and does not include any allocation of inbound or outbound fright charges, indirect overhead expenses, warehouse and distribution expenses, or depreciation and amortization expense. We have two employees who provide receiving, inspection, warehousing and shipping operations for us. The cost of these employees, and our other employees, are included in personnel expense. Our other costs of warehousing and shipping functions are included in office and other expense.

2008 Compared to 2007

Total product sales for 2008 were $495,000, a 34% decrease over 2007 sales of $751,000. 2007 was a record sales year for the Company. Sales for 2008 were the 3rd highest sales reported in the company's history. The decrease in sales from 2008 to 2007 was more of a return to normal historical sales levels. The large sales volume in 2007 was due to an increase in sales volume primarily of one product, Trappsol HPB. We did not expect sales to decrease as much as they did from 2007 to 2008, this decrease followed the decline in the general U.S. economy. Our major customers continue to follow historical product ordering trends to place periodic large orders that represent a significant share of our annual sales volume. In 2008, our four largest customers accounted for 51% of our sales; the largest accounted for 20% of sales. In 2007, our four largest customers accounted for 59% of our sales; the largest accounted for 20% of sales. The timing of when we receive and are able to complete these large periodic orders has a significant effect on our quarterly sales and operating results. We have not experienced significant price resistance for our products and we remain positive that our customer's market segments are not significantly affected by the general downturn in the U.S. economy and that our sales will remain at historical levels due to continued customer demand for our products. In addition, we added additional inventory of our most common products to better take advantage of sales opportunities as they arise, which also hedges our product costs against short-term price increases.

Our cost of products sold (excluding any allocation of direct and indirect overhead and handling costs) remained consistent at $99,000 for 2008 compared to $101,000 for 2007. Historically, changes in both sales volume and product mix has a significant effect on our cost of sales and our margins, which we experienced from 2007 to 2008. We have not experienced significant increases in material costs during 2008.

As we buy some of our inventory from foreign suppliers, the change in the value of the U.S. dollar in relation to the Euro and other foreign currencies does have an affect on our cost of inventory, and will continue to do so. We buy most of our products from outside the U.S. Our main supplier of fine chemicals and complexes is located in Hungary. The cost of our bulk inventory has also increased due to the decline of the U.S. dollar. These products represent a significant portion of our revenues. When we experience short-term increases in currency fluctuation or supplier price increases, we are often not able to raise our prices sufficiently to maintain our historical margins and therefore, our margins on these sales may decline.

Personnel costs have increased 35% to $370,000 for 2008, from $274,000 for same period in 2007. This increase is due primarily to an increase in the annual salary and monthly stock compensation paid to our president. We also added an additional office employee during the third quarter of 2008.

Professional fees are comparable at $101,000 for 2008, from $104,000 for 2007. Legal fees were higher than historical levels from 2007 to 2008 as the result of our lawsuit with Eline Entertainment Group, Inc. We continue to incur legal expenses and we may incur significant future legal fees related to this lawsuit.

Office and other expenses are comparable at $34,000 and $37,000 for 2008 and 2007, respectively. Most of our office related expenses do not vary significantly from quarter to quarter.

Amortization and depreciation is comparable at $23,000 and $24,000 for 2008 and 2007, respectively. We expect similar expenses in future periods as the result of our office renovations, improvements and additions.

Freight and shipping decreased 17% to $14,000 for 2008, from $17,000 for 2007, due to decreased sales volume. Freight and shipping is dependent on frequency of ordering products for inventory and frequency of sales. However, shipping costs, in general, have increased from 2007.

Investment and other income increased 17% to $28,000 for 2008, from $24,000 for 2007. This increase is due primarily to interest income on increased average cash balances in 2008, although we have experienced lower interest rates on our investments during 2008.

We recognized a $200,000 income tax expense for 2008 due to an increase in the valuation allowance of our deferred tax asset. We increased our valuation allowance as the result reducing our estimates of expected net taxable income in the next three years and for the resulting expected inability to utilize certain net operating losses before they expired. 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. Prior to December 31, 2007, we recorded a 100% valuation allowance on our net deferred tax asset.

We recognized a net loss of $(413,000) for 2008 compared to net income for 2007 of $654,000.

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 8. Financial Statements and Supplementary Data.

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 sheets of CTD Holdings, Inc. and subsidiary as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2008 and 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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, 2008 and 2007, and the results of their operations and their cash flows for the years ended December 31, 2008 and 2007, in conformity with accounting principles generally accepted in the United States of America.

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, 2008 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 20, 2009

CTD HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,2008 and 2007

ASSETS

	2008	2007
CURRENT ASSETS		
Cash and cash equivalents	$ 276,669	$ 209,981
Certificate of deposit	-	100,000
Accounts receivable	27,794	85,434
Inventory	209,975	107,624
Deferred tax asset	-	75,000
Investment due from related party	-	853
Other current assets	2,000	2,442
Total current assets	516,438	581,334
PROPERTY AND EQUIPMENT, NET	442,784	437,435
OTHER		
Certificates of deposit	-	163,985
Loan to shareholder/officer	17,069	-
Deferred tax asset	250,000	375,000
Intangibles, net of accumulated amortization of $5,000 and $5,910 at December 31, 2008 and 2007, respectively	5,000	40,967
Total other assets	272,069	579,952
TOTAL ASSETS	$ 1,231,291	$ 1,598,721

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

CTD HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 and 2007
(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	2008	2007
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 72,125	$ 73,664
Current portion of long-term debt	-	3,942
Total current liabilities	72,125	77,606
LONG-TERM LIABILITIES		
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,26,542,438 and 20,824,291 shares issued and outstanding as of December 31, 2008 and 2007, respectively	2,654	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	3,238,911	3,030,737
Accumulated deficit	(2,082,399)	(1,669,167)
Total stockholders' equity	1,159,166	1,363,653
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,231,291	$ 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, 2008 AND 2007

	2008	2007
PRODUCT SALES	$ 494,937	$ 751,176
EXPENSES		
Personnel	370,449	273,605
Cost of products sold (exclusive of depreciation and amortization, shown separately below)	99,319	100,956
Professional fees	101,164	103,816
Office and other	34,012	37,315
Amortization and depreciation	22,869	24,368
Freight and shipping	14,432	17,447
Loss on disposal of equipment	-	3,341

Abandoned patent database costs	92,166	-
	734,411	560,848
Operating income (loss)	(239,474)	190,328
OTHER INCOME (EXPENSE)		
Investment and other income	28,058	23,974
Interest expense	(1,816)	(10,748)
Total other income (expense)	26,242	13,226
NET INCOME (LOSS) BEFORE INCOME TAXES	(213,232)	203,554
INCOME TAX BENEFIT (EXPENSE)	(200,000)	450,000
NET INCOME (LOSS)	$ (413,232)	$ 653,554
NET INCOME (LOSS) PER COMMON SHARE:	$ (.02)	$ .04
Weighted average number of common shares outstanding	23,533,349	17,919,985

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

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CTD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	COMMON STOCK		PREFERRED STOCK		ADDITIONAL PAID-IN
	SHARES	PAR VALUE	SHARES	PAR VALUE	CAPITAL
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
Shares issued under employment agreements	5,616,958	561	-	-	204,446

Shares issued for services	101,189	10	-	-	3,728
Net loss	-	-	-	-	-
Balance, December 31, 2008	26,542,438	$ 2,654	1	$ -	$ 3,238,911

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

CTD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
DECEMBER 31, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (413,232)	$ 653,554
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	22,869	24,368
Loss on disposal of equipment	-	3,341
Stock compensation to employees	208,745	149,987
Abandoned patent database costs	92,166	-
Deferred income tax assets	200,000	(450,000)
Increase or decrease in:		
Accounts receivable	57,640	(26,325)
Inventory	(102,351)	(27,877)
Other current assets	442	21,671
Accounts payable and accrued expenses	(1,539)	21,498
Total adjustments	477,972	(283,337)
Net cash provided by operating activities	64,740	370,217
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(25,164)	(51,388)
Purchase of certificate of deposit	-	(263,985)
Redemption of certificate of deposit	263,985	-
Patent database developed	(59,253)	(32,913)
Redemption (Investment) with related party	853	134,687
Loan to shareholder	(17,069)	-
Payment received from loan to shareholder	-	16,514
Net cash provided by (used in) investing activities	163,352	(197,085)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(140,074)	(8,110)
Payments on loan payable to stockholder	(21,330)	-
Receipt of loan from shareholder	-	21,330

Net cash provided by (used in) financing activities	(161,404)	13,220
Net increase in cash and cash equivalents	66,688	186,352
CASH AND CASH EQUIVALENTS, beginning of period	209,981	23,629
CASH AND CASH EQUIVALENTS, end of period	$ 276,669	$ 209,981

CTD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
DECEMBER 31, 2008 AND 2007
(Continued)

	2008	2007
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 1,816	$ 10,748
Cash paid for income taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Common stock issued to employees for services	$ 208,745	$ 149,987

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

CTD HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

(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, management has concluded that 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 (generally three to five years for computers, software and vehicles, seven to ten years for furniture and equipment, fifteen years for certain land improvements, and forty years for buildings and building improvements). 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 AND COST OF PRODUCTS SOLD - Inventory consists of cyclodextrin products and chemical complexes purchased for resale recorded at the lower of cost (first-in, first-out) or market. Cost of products sold includes the acquisition cost of the products sold and does not include any allocation of inbound or outbound freight charges, indirect overhead expenses, warehouse and distribution expenses, or depreciation and amortization expense.

(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. Prior to 2008, intangible assets also includes the cost of developing a database of patents applied for and issued involving the use of cyclodextrins. This project was abandoned in 2008 and these costs were expensed. Management periodically reviews its intangibles to determine if the carrying value of assets may not be recoverable. If an impairment is identified, a loss is recognized for the difference between the carrying amount and the estimated value of the asset.

(h) REVENUE RECOGNITION - We recognize revenue from product sales or services rendered when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable, and collectibility is reasonably assured. Product sales and shipping revenues, net of any discounts or return allowances, are recorded when the products are shipped and title passes to customers. Sales to customers are made pursuant to a sales contract that provides for transfer of both title and risk of loss upon our delivery to the carrier. Return allowances, which reduce product revenue, have been historically infrequent, and are recorded when they become known. Amounts received in advance are deferred and recognized as revenue when all four revenue recognition criteria have been met.

(i) SHIPPING AND HANDLING FEES - Shipping and handling fees, if billed to customers, are included in product sales. Shipping and handling costs associated with inbound and outbound freight are expensed as incurred and included in freight and shipping expense.

(j) ADVERTISING - Advertising costs are charged to operations when incurred. The Company incurred no advertising expenses in 2008 or 2007.

(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 2007 financial statements have been reclassified for comparative purposes to conform with the 2008 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 consolidated financial position, results of operations or cash flows. The FASB issued Interpretation No. 48 ("FIN 48"), which clarifies generally acceptable accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions. As permitted by FIN 48 (as amended), the Company has elected to defer the application of FIN 48 until issuance of its December 31, 2009 consolidated financial statements. For consolidated financial statements covering periods prior to calendar 2009, the Company evaluates uncertain tax positions in accordance with existing generally accepted accounting principles and makes such accruals and disclosures as might be required thereunder.

(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 2009, 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.

For 2008, the Company had 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 issued shares to one of its employees. The number of shares awarded 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 2008, the Company awarded 5,718,147 shares and recognized an expense of approximately $208,000 for stock awarded under these arrangements.

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 approximately $150,000 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 consists of the following as of December 31:

	2008	2007
Land	$ 80,000	$ 80,000
Buildings and improvements	418,978	413,565
Machinery and equipment	23,046	22,218
Office furniture and equipment	51,705	51,256
	573,729	567,039
Less: accumulated depreciation	149,419	129,604
	424,310	437,435
Construction in progress	18,474	-

Property and equipment, net	$ 442,784	$ 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 up to the Federal Deposit Insurance Corporation limits. The demand and certificate deposit bank balances were $279,832 and $472,763 at December 31, 2008 and 2007, respectively. 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. Three customers accounted for 77% of the accounts receivable balance at December 31, 2008. 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.

(5) MAJOR CUSTOMERS AND SUPPLIERS:

In 2008, two major customers accounted for 37% of total sales.
In 2007, three major customers accounted for 49% of total sales.

Substantially all 2008 and 2007 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:

The Company paid its mortgage payable in full during 2008. Long-term debt as of December 31, 2007 consisted of a $140,074 mortgage note payable to bank, with payments of $1,163 due monthly including principal and interest at 7.25%, which was collateralized by land and buildings with a cost of $210,000.

(7) RELATED PARTY TRANSACTIONS:

During 2008, the Company repaid the $21,330 borrowed from the President (who is also the majority common stockholder), plus interest of $512. The President then borrowed $17,069 from the Company during 2008 and this amount is outstanding at December 31, 2008. Payments of $2,000 are due monthly in 2009 under a verbal arrangement. The loan is unsecured and interest accrues at 4% beginning January 1, 2009.

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 was reduced by $7,801 due to the Company by the President.

(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, 2008, unused operating loss carryforwards totaling approximately $ 1,275,000 that may be applied against future taxable income. If not used, the carryforwards will expire as follows:

Year Ending December 31,	Amount
2009	$ 420,000
2010	195,000
2017	206,000
2020	280,000
2021	71,000
2024	66,000
2025	37,000
Total	$ 1,275,000

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If all of the operating loss carryforwards and temporary deductible differences were used, the Company would realize a deferred tax asset of approximately $430,000 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 2008, management increased the valuation allowance of our deferred tax asset to 47% from 0% due to the expiration of $640,000 of net operating losses in 2009 and 2010 in excess of our current and expected future profitability, and recorded a $180,000 income tax expense.

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.

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.

The components of the provision for income taxes are as follows for the years ended December 31:

	2008	2007
Current income tax benefit (expense)	$ 25,000	$ (45,000)
Tax benefit (expense) of temporary differences	(45,000)	(21,000)
Tax benefit of operating loss carryforwards	-	66,000
Decrease (increase) in valuation allowance	(180,000)	450,000
Total net tax benefit (expense)	$(200,000)	$ 450,000

Significant components of the Company's deferred Federal income taxes were as follows:

	2008	2007
Deferred tax assets		
Net operating loss carryforwards	$ 380,000	$ 405,000
Stock-based compensation expense	47,000	42,000
Depreciation and amortization expense	3,000	3,000
Total deferred tax assets	430,000	450,000
Less valuation allowance	(180,000)	-
Deferred tax assets, net of valuation	250,000	450,000

Deferred tax liabilities	-	-
Net tax assets	$ 250,000	$ 450,000

The differences between the effective income tax rate reflected in the benefit (provision) for income taxes and the amounts, which would be determined by applying statutory income tax rate of 28% for 2008 and 2007, is summarized as follows:

	2008	2007
Tax provision at Federal statutory rate	$ 25,000	$ (101,000)
Effect of State taxes	5,000	(15,000)
Valuation allowance - net operating loss	(180,000)	400,000
Change in expected income tax rate	(3,000)	173,000
Stock-based compensation	(47,000)	(7,000)
Total tax benefit (provision)	$ (200,000)	$ 450,000

(10) 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.

(11) SIGNIFICANT FOURTH QUARTER ADJUSTMENTS

For 2008, management determined the patent database development project was not economically feasible and expensed 100% of the previously capitalized cost of $92,000 in the fourth quarter of 2008.

Also in 2008, management increased its valuation allowance to 44% from 0% due to our current and expected future profitability, and recorded a $180,000 income tax expense and reduced our deferred tax asset in the fourth quarter of 2008.

For 2007, 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.

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Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A(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(e) and 15d-15(e) 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 disclosure controls and procedures as of December 31, 2008 were 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 9B. 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 10. 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 11. 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	2008	$ 84,000	-0-	-0-	$189,822.00 (4)	-0-
President, CEO	2007	$ 36,000	$ 25,000	-0-	$148,603.00 (3)	-0-
Chairman	2006	$ 36,000	-0-	-0-	$ 69,654.00 (1)	-0-
George L. Fails	2008	$ 36,000	-0-	-0-	$ 15,186.00 (5)	-0-
Operations Manager	2007	$ 30,000	-0-	-0-	-0-	-0-
	2006	$ 22,800	-0-	-0-	$ 13,931.00 (2)	-0-

(1) Reflects grant of 1,493,229 shares
(2) Reflects grant of 298,644 shares
(3) Reflects grant of 5,062,501 shares
(4) Reflects grant of 5,201,033 shares
(5) Reflects grant of 415,925 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 an award of monthly restricted common shares of the Company. The number of shares awarded monthly is variable based on a fixed amount divided by eighty percent of the closing value of the Company's shares on the last day of the month in which the shares are awarded. For the period January 1, 2007 though June 30, 2007, the number of shares was computed using $6,500 per month. For the period July 1, 2007, though December 31, 2007, the number of shares was computed using $11,500 per month. 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 a number of shares computed using $12,500 per month.

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 and an award of monthly restricted common shares of the Company. The number of shares awarded monthly is variable based on a fixed amount divided by eighty percent of 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 a number of shares computed using $1,000 per month.

Item 12. 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 February 27, 2009, 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 or Identity of Group	Amount and Nature of Beneficial Ownership	Approximate % of Class
C.E. Rick Strattan .... 4123 N.W. 46th Avenue Gainesville, FL 32606	14,704,999	55.40%
George L. Fails............................. 2420 N.W. 142nd Avenue	1,157,016	4.36%

Gainesville, FL 32609

All Officers and Directors as a group 15,862,015 59.76%

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 with Mr. Strattan and Mr. Fails. These agreements require the Company to compensate both employees with a variable number of restricted shares of the Company per month based on a fixed amount divided by eighty percent of the closing value of the Company's shares on the last day of the month in which the shares are awarded. For 2008, the number of shares was computed using $13,500 per month. For the period from July 1, 2007 to December 31, 2007, the number of shares was computed using $11,500 per month. For period from January 1, 2007 to June 30, 2007, the number of shares was computed using $6,500 per month. In 2007 a total of 5,062,501 shares and 0 shares were issued to Mr. Strattan and Mr. Fails, respectively. In 2008 a total of 5,201,033 shares and 415,925 shares were issued to Mr. Strattan and Mr. Fails, respectively, pursuant to their employment agreements.

Item 13. 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 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, P.A. 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, P.A. 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, P.A. 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, P.A.

PART IV.

Item 15. Exhibits, Financial Statement Schedules.

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.

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: March 27, 2009

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: March 27, 2009

By: /s/ George L. Fails

GEORGE L. FAILS
Director
Date: March 27, 2009