CTD HOLDINGS INC
Form 10-Q
August 14, 2009

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

__X__ Quarterly Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934 for the quarterly period ended: June 30, 2009.

____ Transition Report Under Section 13 or 15(d) of the Exchange Act for the transition period from ____ to ____

Commission file number: 0-24930

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

Florida	59-3029743
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
27317 N.W. 78th Avenue, High Springs, Florida	32643
(Address of principal executive offices)	(Zip Code)

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

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

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

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

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

Large accelerated filer (_)	Accelerated filer (_)
Non-accelerated filer (_)	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 (x)No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

As of August 3, 2009, the Company had outstanding 26,648,911 shares of its common stock.

Item 1. Financial Statements.

CTD HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 2009	December 31, 2008 (Unaudited)
CURRENT ASSETS		
Cash and cash equivalents	$ 239,308	$ 276,669
Accounts receivable	55,780	27,794
Inventory	211,163	209,975
Note receivable	9,700	-
Other current assets	2,000	2,000
Total current assets	517,951	516,438
PROPERTY AND EQUIPMENT, NET	466,908	442,784
OTHER ASSETS		
Stockholder loan	12,997	17,069
Intangibles, net	4,500	5,000
Deferred tax asset	250,000	250,000
Total other assets	267,497	272,069
TOTAL ASSETS	$1,252,356	$ 1,231,291

(Continued)

CTD HOLDINGS, INC.
CONSOLIDATED BALANCE SHEET
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 200	December 31, 2008 (Unaudited)
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 64,652	$ 72,125
STOCKHOLDERS' EQUITY		
Common stock, par value $.0001 per share, 100,000,000 shares authorized, 29,103,822 and 26,542,438 shares issued and outstanding,		

respectively	2,910	2,654
Preferred stock, par value $.0001 per share, 5,000,000 shares authorized; Series A, 1 share issued and outstanding	-	-
Additional paid-in capital	3,340,027	3,238,911
Accumulated deficit	(2,146,005)	(2,082,399)
Treasury stock, at cost - 162,780 shares at June 30, 2009	(9,228)	-
Total stockholders' equity	1,187,704	1,159,166
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,252,356	$ 1,231,291

See accompanying Notes to Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
PRODUCT SALES	$ 124,448	$ 160,655	$ 244,944	$ 229,125

EXPENSES				
Personnel	92,398	79,852	192,225	161,819
Cost of products sold (exclusive of depreciation and amortization, shown separately below)	16,780	59,927	32,904	78,157
Professional fees	13,111	22,536	57,600	58,229
Office and other	7,197	8,256	14,401	17,526
Amortization and Depreciation	5,314	5,346	10,395	12,950
Freight and shipping	1,985	3,491	4,137	5,802
	136,785	179,408	311,662	334,483
Operating loss	(12,337)	(18,753)	(66,718)	(105,358)
OTHER INCOME (EXPENSE)				
Investment and other income	1,688	7,842	3,112	13,875
Interest expense	-	-	-	(1,716)
Total other income	1,688	7,842	3,112	12,159
NET LOSS BEFORE INCOME TAXES	(10,649)	(10,911)	(63,606)	(93,199)
Income Taxes	-	2,000	-	17,000
NET LOSS	$(10,649)	$ (8,911)	$(63,606)	$ (76,199)
NET LOSS PER COMMON SHARE	$ (.00)	$ (.00)	$ (.00)	$ (.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	28,727,148	22,970,123	28,056,668	22,095,124

See Accompanying Notes to Financial Statements.

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

	Six Months Ended June 30	
	2009	2008

CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (63,606)	$ (76,199)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,395	12,950
Deferred Income Tax benefit	-	(17,000)
Stock awarded to employees	101,372	88,183
Increase or decrease in:		
Accounts receivable	(27,986)	29,664
Inventory	(1,188)	(61,518)
Other current assets	-	442
Accounts payable and accrued expenses	(7,473)	(16,021)
Total adjustments	75,120	36,700
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	11,514	(39,499)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and building improvements	(34,019)	(20,934)
Redemption of certificate of deposit	-	263,985
Capitalization patent database cost	-	(42,818)
Investment with related party	-	853
Cash loaned under note receivable	(9,700)	
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(43,719)	201,086
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	-	(140,074)
Payments received (advances) on stockholderloan	4,072	(24,858)
Repurchase of common stock	(9,228)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(5,156)	(164,932)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,361)	(3,345)
CASH AND CASH EQUIVALENTS, beginning of period	276,669	209,981
CASH AND CASH EQUIVALENTS, end of period	$ 239,308	$ 206,636

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

(Unaudited)
(Continued)

Six Months Ended
June 30,

		2009	2008
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid for interest	$	-	$ 1,716
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY			
Common stock awarded to officers		$ 101,372	$ 88,183

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

See Accompanying Notes to Financial Statements.

CTD HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009
(Unaudited)

The information presented herein as of June 30, 2009 and for the three and six months ended June 30, 2009 and 2008, is unaudited.

(1) BASIS OF PRESENTATION:

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

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

Operating results for the three and six month periods ended June 30, 2009, are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report of Form 10-K for the year ended December 31, 2008.

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

Net income (loss) per common share is computed using a simple weighted average of common shares outstanding during the periods presented.

(3) INCOME TAXES

For 2009, the Company reported a net loss and also realized a net income tax loss for the six and three month periods ended June 30, 2009. The Company increased the valuation allowance of its deferred tax asset by approximately $3,000 and $8,000, respectively, and did not record a increase in its deferred tax asset or an income tax benefit based on management's expectation of future taxable income which may not exceed its current deferred tax asset.

For 2008, the Company reported a net loss and also realized a net income tax loss for the three and six month periods ended June 30, 2008. The Company recorded the future benefit of this tax loss as a deferred tax asset and an income tax benefit of $2,000 and $17,000 for the three and six months ended June 30, 2008, respectively.

(4) CONCENTRATIONS

Sales to three major customers were 54% of total sales for the six months ended June 30, 2009. Sales to two major customers was 39% of total sales for the six months ended June 30, 2008.

Substantially all 2009 and 2008 inventory purchases were from three vendors.

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

(5) COMMITMENTS AND CONTINGENCIES

Beginning July 1, 2009, the Company has employment agreements with two officers, Mr. Strattan and Mr. Fails, for total monthly cash salaries of $12,500 and $3,500, respectively. From January 1, 2009 to June 30, 2009, Mr. Stratta's salary was $7,000 in cash and $12,500 in restricted shares based on the formula below, and Mr. Fail' salary was $3,000 in cash and $1,000 in restricted shares based on the formula below. Through June 30, 2009, the officers were 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 that last day of each month. No shares of restricted stock will be issued to Mr. Strattan or Mr. Fails for services following July 1, 2009. 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 the number of shares awarded for that month. The stock is subject to trading restrictions under Rule 144. For the three and six month periods ended June 30,2009, the Company awarded 873,884 and 2,561,384 shares and recognized an expense of $47,009 and $101,372, respectively for stock awarded under these agreements.

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 that 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 the number of shares awarded for that month. The stock is subject to trading restrictions under Rule 144. Also, the Company issued shares to one of its employees. The number of shares due is equal to $500 divided by eighty percent of the closing price of the Company's common stock on the last day of each month. For the three and six month periods ended June 30, 2008, the Company awarded 791,666 and 2,541,665 shares and recognized an expense of $41,170 and $88,183, respectively for stock awarded under these agreements.

(6) NOTES RECEIVABLE

The Company loaned $9,700 to an unrelated investment company. The note is unsecured, principal and interest at 24% is due on demand.

(7) TREASURY STOCK

Treasury stock is recorded at acquistion cost. The Company reacquired 162,780 shares of its previously outstanding common stock for $9,228. The shares were not cancelled as of June 30, 2009.

(8) SUBSEQUENT EVENTS

On August 11, 2009, George Fails was elected President of the Company.

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

Introduction

CTD Holdings, Inc. (referred to as the "Company," "CTD" or in the first person notations of "we," "us," and "our") began operations in 1990. Our revenues are principally derived from retail sales of cyclodextrins and cyclodextrin complexes. Our sales are primarily to major chemical supply houses around the world, pharmaceutical companies, and food companies for research and development and to diagnostics companies. We acquire many of our products outside the United States, from country-regionJapan, country-regionGermany, country-regionChina and country-regionplaceHungary; but we are gradually finding satisfactory supply sources in the country-regionplaceUnited States. While we generally enjoy better supply prices from outside the country-regionplaceUnited States, rising shipping costs are making domestic sources more competitively priced. To add value to our products, we maintain a comprehensive database of patented and patent pending uses of cyclodextrins from the United States Patent Trademark Office. We also maintain a less comprehensive database that includes patents issued in many other countries including country-regionJapan, country-regionplaceGermany and others. This information is available to our customers. We also offer our customers our knowledge of the properties and potential new uses of cyclodextrins and cyclodextrin complexes.

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

In March 2009, the Company and Mr. Strattan reached a settlement with Eline Entertainment Group, Inc. and Barry Rothman, the Pres/CEO of Eline, pursuant to which Eline Entertainment transferred all of its rights in the Company's Class A Preferred Share to Mr. Strattan. Those parties dismissed their actions against one another and exchanged mutual releases. The Company's action against Steven

T. Dorrough, Jayme Dorrough, Eline Holding, and StateplaceYucatan Holding Company and the counterclaim filed by those defendants has not been dismissed; the company is seeking a summary judgment.

In 2004, we amended the Company's Articles of Incorporation authorizing a series of "blank check" preferred stock consisting of 5,000,000 shares and creating a series of Series A Preferred Stock, setting forth its designations, rights and preferences. 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. Shares 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.

Liquidity and Capital Resources

Our cash and short-term investments decreased to $239,000 as of June 30, 2009,compared to $277,000 as of December 31, 2008. The decrease for the six months ended June 30, 2009, was due primarily to the repurchase of Company common stock of $9,228, a loan of $9,700 and facility improvements in excess of cash flow from operations.

As of June 30, 2009, our working capital was $250,000 compared to $444,000 at December 31, 2008. Our cash flows from operations for the first six months of 2009 was $11,000 compared to $(40,000) for the same period in 2008. This change from 2008 to 2009 was due primarily to a $62,000 increase inventory in 2008 and normal timing differences in accounts receivable and accounts payable.

We accumulated almost $500,000 in cash in 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 reduced interest expense approximately $850 per month.

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

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 acquired 162,780 shares at a cost of $9,228 during the three months ended June 30, 2009.

Controlling cash expenses continues to be management's primary fiscal tool. However, growth requires increased expenditures and we feel that it is appropriate during the current growth stage to engage consultants that can help the Company in financial areas outside its expertise, accepting that these fees will act to reduce profitability. We are working hard to increase revenues to balance these new expenses, but cannot be sure that such effort will be enough in the short term to sustain 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 six months ended March 31, 2009, we capitalized $34,000 of improvements, including an additional $14,500 for driveway paving. 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 PlaceNameplaceResearch PlaceTypePark 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.

Company officers earned 2,561,384 shares and 2,541,665 shares of our common stock for compensation earned under employment agreements for the six month periods ending June 30, 2009 and 2008, respectively.

We have no off-balance sheet arrangements at June 30, 2009.

Results of Operations

Total product sales for the six month period ended June 30, 2009 increased 7% to $245,000 compared to $229,000 for the same period in 2008. Our major customers continue to be repeat purchasers. In 2009, we had three major customers accounting for 54% of our sales. In 2008, we had two major customers account for 39% of our sales. The increase in sales was due primarily to more sales to our major customers. 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.

Our cost of products sold (excluding any allocation of direct and indirect overhead and handling costs) for the six month period ended 2009 decreased 60% to $33,000 from $78,000 for the same period in 2008. For the majority of our larger sales in 2009, we realized approximately 50% lower cost of products sold (excluding any allocation of direct and indirect overhead and handling costs) by using a new supplier compared with 2008. Historically, changes in both sales volume and product mix has a significant effect on our cost of sales and our margins. Our margins vary significantly among our products. Our margins for the same product also vary based on quantity sold.

Our sales are comprised mostly of bulk sales of cyclodextrins in larger quantities. Since we purchase most of our bulk products from overseas manufacturers, the fluctuation in foreign currency exchange rates to the U.S. dollar will continue to unpredictably affect our cost of products sold (excluding any allocation of direct and indirect overhead and handling costs) and inventory costs. The currency exchange rate affects our import freight expenses as well. Our fine chemical products are hisoricaly manufactured overseas as well and because they are higher cost inventory items, the currency exchange rate fluctuations cause significant volatility in cost of products sold (excluding any allocation of direct and indirect overhead and handling costs) and inventory costs also even though we do not sell fine checmicals in large quantities. In the last two years we have seen a reduction in the sales of fine chemicals. We have been able to shift the manufacture of a greater percentage of our Aquaplex(R)(chemicals complexed with CD's) fine chemical product line to the placecountry-regionU.S. and thereby reduce the effect of currency rate fluctuations while reducing as well our product cost per gram. We do not expect to see additional future major cost reducing opportunities to become available again. This lower cost supplier of fine chemicals allows us to temporarily offset normal product cost increases and hold the line on an even greater rate of decline in our gross profit margins for the short term; however since we are not able to raise our prices sufficient to match product price increases, we expect a gradual increase in the future cost of products sold (excluding any allocation of direct and indirect overhead and handling costs).

Personnel costs have increased 16% to $92,000 for the three months ended June 30, 2009, from $80,000 for same period in 2008. Personnel costs have increased 19% to $192,000 for the six months ended June 30, 2009, from $162,000 for same period in 2008. This increase is due primarily to raises for existing personnel and reduction in personnel costs capitalized as facility improvements.

Professional fees decreased 42% to $13,000 for the three months ended June 30, 2009 compared to $23,000 for same period in 2008. Professional fees were $58,000 for the six months ended June 30,2009 and 2008, respectively. The decrease for the three month period ending June 30, 2009,is due primarily to timing of auditing and accounting expenses.

Office and other expenses decreased slightly from $7,000 to $8,000 for the three months ended June 30, 2009,and 2008, respectively. Office and other expenses decreased slightly from $18,000 to $14,000 for the six months ended June 30, 2009,and 2008, respectively. Most of our office related expenses do not vary significantly from quarter to quarter.

Amortization and depreciation were comparable at $5,000 for the three months ended June 30, 2009 and 2008, repectively. Amortization and depreciation decreased slightly from $13,000 to $10,000 for the six months ended June 30, 2009,and 2008, respectively. We expect depreciation to increase somewhat in future periods as the result of our office renovations, improvements and additions.

Freight and shipping decreased slightly to $2,000 from $3,000 for the three months ended June 30, 2009 and 2008, respectively. Freight and shipping decreased slightly from $6,000 to $4,000 for the six months ended June 30, 2009 and 2008, respectively. Freight and shipping costs are dependent on supplier location, frequency of ordering products for inventory and frequency of sales. We have also experienced a volitility in overall shipping costs due to increases in energy costs and then decreasing overall demand for shipping services.

Investment and other income decreased 78% to $2,000 from $8,000 for the three months ended June 30, 2009 and 2008, respectively. Investment and other income decreased 78% to $3,000 from $14,000 for the three months ended June 30, 2009 and 2008, respectively. The decreases are due to lower interest rates and invested cash balances in 2009.

We realized a net tax loss for the three and six month periods ended June 30, 2009, but recorded an increase in our valuation allowance for the increase in our deferred tax asset of approximately $3,000 and $8,000, respectively.

We recognized a $2,000 and $18,000 income tax benefit on our additional net operating loss for the three and six months ended June 30, 2008, respectively. For the year ended December 31, 2008, we recorded a $200,000 valuation allowance on our net deferred tax asset.

We recognized a net loss of $(11,000) and $(9,000) for the three month periods ending June 30, 2009 and 2008, respectively. We recognized a net loss of ($64,000) and ($76,000) for the six month periods ending June 30, 2009 and 2008, respectively.

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 cyclodextrins in herbal medicines, waste-water remediation, pharmaceuticals, and foods. We also intend to pursue exclusive relationships with major cyclodextrin manufacturer(s) and specialty cyclodextrin labs to distribute their products. We continue to be the exclusive distributor in placeNorth America of the cyclodextrin products manufactured by Cyclolab Research Laboratories in CityplaceBudapest, country-regionHungary. In keeping with its commitment to use the internet as a major advertising and public relations outlet, the Company intends to apply greater human resources to the updating and maintaining of its web site. This valuable 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Items 4 and 4T. Controls and Procedures.

a. Management's quarterly 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 Chief Operating Officer, and effected by the Company's Board of Directors, its consultants and other personnel, taking into account the small size of the Company, small number of employees and others involved in the Company's finances. The process uses a system of checks and balances to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

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

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

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

3. As required by Rule 13a-15(b) and 15(d)-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 internal control over financial reporting, as of September 30, 2008 was effective.

4. This quarterly 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 quarterly report.

b. Changes in internal controls.

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

Part II. OTHER INFORMATION

Item 1. Legal Proceedings.

NONE

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

NONE

Item 3. Defaults Upon Senior Securities.

NONE

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

NONE

Item 5. Other Information.

NONE

Item 6. Exhibits.

(2)	Plan of purchase, sale, reorganization, arrangement, liquidation or succession	None
(3)	Articles of Incorporation and By-Laws	
(i)	Articles of Incorporation filed August 9, 1990	*
(ii)	By-Laws	*
(iii)	Certificates of Amendment to the Articles of Incorporation filed November 18, 1993 and September 24, 1993	*
(4)	Instruments defining the rights of security holders, including indentures	
(a)	Specimen Share Certificate for Common Stock.	*
(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.	*
(10.2)	Lease Agreement dated July 7, 1994.	**
(10.3)	Consulting Agreement dated July 29, 1994 between the Company and Yellen Associates.	*
(10.4)	License Agreement dated December 20, 1994 between the Company and Herbe Wirkstoffe GmbH.	*
(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.	**
(10.6)	Extension of Agreement between the Company and Herbe Wirkstoffe GmbH.	***
(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	****
(10.13)	Addendum to Share Exchange Agreement with Eline Entertainment Group	++++

(10.14)	Share Exchange Agreement with Eline Entertainment Groups	+++++
(11)	Statement re: computation of per share earnings	Note 2 to Financial Statements
(15)	Letter on unaudited interim financial information	****
(18)	Letter on change in accounting principles	None
(19)	Reports furnished to security holders	None
(20)	Other documents or statements to security holders or any document incorporated by reference	None
(22)	Published report regarding matters submitted to vote of security holders	None
(23)	Consents 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	None
(100)	XBRL-Related Documents	None

* 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.

++++ Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on September 21, 2005.

+++++Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on August 15, 2005.

SIGNATURES

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

CTD HOLDINGS, INC.

Date: August 14, 2009

/s/ C.E. Rick Strattan

C.E. Rick Strattan
Chief Executive Officer
Chief Financial Officer