GLOBAL INDUSTRIES LTD
Form 4/A
October 23, 2007

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
ROBICHEAUX RUSSELL J

(Last) (First) (Middle)

5619 LAKE PLACE DRIVE

(Street)

HOUSTON, TX 77041

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
GLOBAL INDUSTRIES LTD [GLBL]

3. Date of Earliest Transaction (Month/Day/Year)
01/03/2006

4. If Amendment, Date Original Filed(Month/Day/Year)
02/17/2006

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Admin. Officer & Counsel

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock (1)	01/03/2006		A		9,300	A	$ 0	85,483 (2)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Ar Underlying Se (Instr. 3 and 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title
Non-Qualified Stock Options	$ 12.38	01/03/2006		A		15,100		01/03/2007 (3)	01/03/2016	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ROBICHEAUX RUSSELL J 5619 LAKE PLACE DRIVE HOUSTON, TX 77041			Chief Admin. Officer & Counsel	

Signatures

/s/ Russell J. Robicheaux	10/23/2007
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Restricted Stock vests 3 year cliff

(2) Balance includes 125 shares held by Issuer's Retirement Plan and allocated to the reporting person's account.

(3) The option vests 33 1/3% per year over three years beginning on 01/03/07

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. tcy Proceedings - On January 19, 2005, we signed an Exclusive Manufacturing Agreement with Advanced Beauty Solutions L.L.C. ("ABS"), a company that manufactured a hair product in California. In early October 2005, we were notified that ABS had defaulted on its obligation to its financing company. We stopped shipping under credit and exercised our rights permitted by the agreements. On July 7, 2005, we signed another Exclusive Manufacturing Agreement with ABS, relating to the manufacture of a hair dryer product in California. We had already begun shipment on previous contracts and were projecting to begin early in 2006. In October 2005, following the notice of ABS's default, we terminated the agreement for both products based on the default. In January 2006, following efforts to resolve the disputes with ABS, we filed a lawsuit against ABS, claiming breach of contract, interference with contractual relationships, unjust enrichment, and fraud, and seeking damages from ABS. With respect to the TCP, through October 2005, we had shipped directly to ABS approximately $4,746,000 worth of the product, and we had received from ABS or its finance company a total amount of approximately $788,000. In November 2005, we repossessed from ABS approximately $2,341,000 worth of the products in the United States, as

we were permitted to do pursuant to the agreement. Since November 2005, we have been pursuing our rights under the agreement and have been offering the TCP for sale directly to ABS's customers. In doing so, we sold to ABS's international customers directly approximately $430,000 worth of the TCP. The shipments have all been paid in full. These products shipped were not part of the repossessed inventory. On January 24, 2006, ABS filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Central District of California, San Fernando Valley Division (the "Bankruptcy Court"), Case No. SV 06-10076 GM. On January 30, 2006, a hearing ("Hearing") was held to consider the Emergency Motion for Order Approving the Settlement and Compromise of the Disputed Secured Claims of Inventory Capital Group, Inc. ("ICG"), and Media Funding Corporation ("MFC") (the "Settlement Motion") filed by ABS. The continued Hearing on the Settlement Motion was held on February 16, 2006, at which time the settlement was modified. Prior to a separate hearing held on March 24, 2006, on ABS's Motion for Order: (1) Approving Sale and Assignment of Substantially All Assets of the Estate Free and Clear of Liens; (2) Approving Assumption and Assignment of Leases and Executory Contracts Included in the Sale and Rejection of Leases and Executory Contracts Not Included in the Sale; and (3) Granting Related Relief (the "Sale Motion"), the settlement was further modified. The modifications to the proposed 28 settlement were read into the Bankruptcy Court's record at the Hearing on the Settlement Motion and the March 24, 2006 hearing on the Sale Motion ("Proposed Modifications"). Written notice of the Proposed Modifications was provided to creditors and parties in interests on March 27, 2006, and the Declaration of James C. Bastian, Jr., attesting that no objections to the Proposed Modifications have been received by ABS, was filed with the Bankruptcy Court. On June 6, 2006, we entered into an Asset Purchase Agreement with ABS (the "Asset Purchase Agreement"), subject to the ABS Bankruptcy Court's approval. On June 7, 2006, the ABS Bankruptcy Court entered orders approving the Asset Purchase Agreement and granting the Sale Motion, and approving the settlement and compromise of certain disputed claims against ABS. Pursuant to the settlement of ABS's bankruptcy proceedings and the Asset Purchase Agreement, we have an allowed claim against the ABS's estate in the amount of $2,350,000, of which $750,000 was credited to the purchase of substantially all of ABS's assets. Under the settlement, we shall be allowed to participate as a general unsecured creditor of ABS's estate in the amount of $1,600,000 on a pari passu basis with the $2,100,000 general unsecured claim of certain insiders of ABS and subject to the prior payment of certain secured, priority, and non-insider claims in the amount of approximately $1,507,011. Under the Asset Purchase Agreement, we agreed to purchase substantially all of ABS's assets ("the Assets") in exchange for: (i) a cash payment in the amount of $1,125,000; (ii) a reduction of CirTran's allowed claim in the Bankruptcy Case by $750,000; (iii) the assumption of any assumed liabilities; and (iv) the obligation to pay ABS a royalty equal to $3.00 per True Ceramic Pro flat iron unit sold by ABS (the "Royalty Obligation"). The Assets include: personal property; intellectual property; certain executory contracts and unexpired leases; inventory; ABS's rights under certain insurance policies; deposits and prepaid expenses; books and records; goodwill; certain causes of action; permits; customer and supplier lists; and telephone numbers and listings. Under the Asset Purchase Agreement, the Royalty Obligation is capped at $4,135,000. To the extent the amounts paid to ABS on account of the Royalty Obligation equal less than $435,000 on the 2 year anniversary of the Closing, then, within 30 days of such anniversary, we agreed to pay ABS an amount equal to $435,000 less the royalty payments made to date. As part of the settlement, we agreed to exchange general releases with, among others, ABS, Jason Dodo (the manager of ABS), Inventory Capital Group ("ICG"), and Media Funding Corporation ("MFC"). The settlement also resolved a related dispute with ICG in which ICG assigned $65,000 of its secured claim against ABS to us. Pursuant to the court-approved settlement, payments under the Royalty Obligation will be made in the following order: (a) The Royalty Obligation payments will be made exclusively to ICG and MFC (collectively, the "Secured Parties") until (i) the Secured Parties have been paid in full on account of their $1,243,208 secured claim, or (ii) the Secured Parties have been paid $100,000 in payments under the Royalty Obligation, whichever comes first. (b) The next $70,000 Royalty Obligation payments will be made to a service provider to ABS (in the amount of $50,000) and to an individual with an allowed claim (in the amount of $20,000). (c) Following the payments to the Secured Parties and others as set forth immediately above, the remaining Royalty Obligation payments will be used for distribution to allowed general unsecured claims not including those of the Company and certain insiders with unpaid notes (the "Insider Noteholders"). 29 (d) Following payments as set forth in (a), (b), and (c) above, the Royalty Obligation payments will be shared pro rata among the Insider Noteholders (with a total allowed aggregate claim of $2,100,000), and the Company (with a general unsecured claim in the amount of $1,600,000), until paid in full. The total claims against ABS's estate that must be paid before the Company begins

to share in the Royalty Obligation payments is $435,000. We had paid $222,906 of the $435,000 obligation through September 30, 2007. In March 2007, ABS commenced litigation against us alleging claims for breach of contract, unjust enrichment and seeking an accounting and appointment of a receiver in connection with the above described settlement agreement. ABS generally alleged that we had defaulted on certain payments due under such settlement agreement. We have been in negotiations with ABS to settle these claims. This case was subsequently dismissed pursuant to a stipulation between the parties. Additional information can be found in the section titled "Legal Proceedings." As of the date of this Report, we were no longer under contract with the direct marketing company that was selling the TCP units domestically. However, we are currently under contract with an international direct marketing company to supply them with the True Ceramic Pro flat irons ("TCP"). As a result of terminating the domestic sales contract, CirTran Products has begun a direct sold-on TV marketing program whereby all of the direct marketing functions have been brought in-house and a direct TV marketing program is currently being implemented. The direct TV marketing program is in the test phase and a determination on taking the program to the roll-out phase is currently being evaluated. Since June 6, 2006, the date of the ABS bankruptcy settlement (see discussion below on pages 49 and 50) and through the date of this report, CTP generated sales of approximately $2,905,000. Sales of TCP units and other ancillary hair care products are expected to become profitable during 2007. With respect to the hair dryers, as of the date of this report, we had included the hair dryers as a sales incentive to the direct marketing sold-on TV offer of the TCP units. Hinge Helper On January 9, 2006, we issued a press release which referred, in the title, to the Agreement as a "$22 Million Exclusive Manufacturing Agreement." The dollar amount referenced relates to the potential amount of income or revenue which we may receive over the anticipated life of the Agreement. We announced on January 9, 2006, that Arrowhead Industries, Inc., of Windermere, Florida, had awarded us an exclusive contract to manufacture its patented Hinge Helper (TM) do-it-yourself utility tool for the home. The Hinge Helper will be manufactured by CirTran Asia, the Company's China-based subsidiary. The exclusive manufacturing contract for the product is for three years. The Hinge Helper is a unique hand tool designed and developed for use by household customers as well as tradesmen. Recognized by the U.S. Patent Office (#6,308,390 B1), its trademark and patent are owned by and registered to Arrowhead. The specific advantage of the Hinge Helper is its ease-of-use and simplistic design. It can be applied to any residential hinge on wood, metal or composite doors, and is being manufactured with highly-durable materials, enabling it to carry a lifetime guarantee. The contract (the "Arrowhead Agreement") is for three years, and Arrowhead agreed to purchase a minimum of ten million units of the Product (the "Minimum Quantity"), subject to the terms and conditions of the Agreement. Arrowhead and CirTran have agreed on the Minimum Quantity in good faith, although the parties 30 acknowledged that in certain circumstances described in the agreement, the Arrowhead Agreement may be terminated prior to the sale of the entire Minimum Quantity. Arrowhead agreed to submit purchase orders for the Hinge Helper (TM) from time to time in accordance with the terms of the Arrowhead Agreement. Arrowhead agreed to pay CirTran for the Hinge Helper (TM) purchased at the prices ranging from $2.95 to $1.90 per unit, depending on the cumulative number of units of the Hinge Helper (TM) which have been purchased by Arrowhead. Arrowhead will also be entitled to a rebate equal to 10% of the purchase price paid for the Hinge Helper (TM) in the previous tier. The tiers are as follows: Tier 1: 1,500,000 units or less, priced at $2.95 per unit Tier 2: 1,500,001 to 3,000,000 units, priced at $2.35 per unit Tier 3: 3,000,001 to 5,000,000 units, priced at $2.10 per unit Tier 4: 5,000,001 to 10,000,000 units, priced at $1.90 per unit Tier 5: More than 10,000,000 units, price to be determined (For example, if the price is not adjusted, once Arrowhead enters Tier 3 it would be entitled to a rebate of $325,000 (10% of 1,500,000 x $2.35) for product purchased in tier 2.) Rebates will be payable only in the form of a credit memo against future purchases. Rebate credit memos will not be paid in cash and may not be applied against outstanding balances. We will calculate eligibility for the Rebate as soon as practicable following the end of the month in which a new tier is entered. We have produced hand made samples, which were sent to Arrowhead. As of the date of this report, the product samples were approved. Arrowhead had released, and we have shipped, 1,500 units to test media. Arrowhead has filmed a Hinge Helper infomercial for TV and tested the show in mid 2006, but results did not justify the media spending and the roll out. In February 2007, Arrowhead signed a licensing agreement with CirTran and DMG to manufacture and market the product via internet, direct marketing and through retailers. DMG will pay a royalty of 11% to Arrowhead based on a percentage of sales in 2007. The percentage of unit sales increases by 1% per year until it reaches 15% in the year 2011. The new contract was executed in February 2007 and expires in 2011. As of the date of this Report, the Hinge Helper project had not generated significant revenues. The item has been presented to buyers at several major retailers, such as; Lowe's,

Wal-Mart, Sams Club, True Value and Home Depot and is an item of interest. The sales representative, in our Bentonville office, will continue to promote and develop the item for inclusion in future sales modules to the retailers. We expect to have the product at retailers some time during the fourth quarter of 2007. On October 11, 2006, CirTran announced that DMG had signed a retail distribution and marketing agreement with Wines and Wines, a Miami-based distributor of fine wines and spirits from around the world. Under the terms of the agreement, DMG would use its best efforts to market and distribute all Wines and Wines products exclusively into various distributors and retailers such as Southern Wine and Spirits, Trader Joe's, Beverages and More, Wal-Mart, Sam's Club, Costco, Young's Markets and Vendome nationally, as well as restaurants, liquor stores and entertainment venues exclusively throughout California. As of the date of this Report, the product had been presented to retailers and resulted in high interest. It was decided that the labeling needed to be changed by Wines and Wines. Once the new labeling is completed and accepted by retailers, we will be able to place the product on retailer's shelves. It is anticipated that the project will be to market in sometime in early 2008. On November 7, 2006, CirTran announced that DMG signed an exclusive contract to market and distribute the Solar Style line of solar chargers to major retailers in the U.S. and abroad. Solar Style offers a diverse line of products with 31 multiple connectors, all based on the latest advancements in PV Solar charging to convert sunlight into usable energy for personal electronic devices. Solar Style also includes, or offers as options, AC car battery chargers with many of its products. As of the date of this report we were working with the client on developing the product and placing the product in retail channels which include Wal-Mart and Radio Shack stores. On November 15, 2006, CirTran announced that DMG signed an exclusive licensing, manufacturing and marketing agreement with Beautiful Eyes(R), Inc., of Malibu, California, for a new "hot lashes" product which it will bring to the sold-on-TV and retail marketplaces. Under the terms of the agreement, DMG will have access to the patented technology developed by Beautiful Eyes and its founder, former model Alexandra Roberts, and the designs, technical drawings, manufacturing specifications and know-how, trade secrets and other proprietary information and technology. DMG will develop a new product for sale through TV infomercials and at mass retail, which it will market through its personal and healthcare products division. As of the date of this Report, we were working with the client on developing the product and had submitted samples for their approval. New Household and Kitchen Appliances and Health and Beauty Aids -- On February 5, 2007, CirTran announced that we had completed taping a TV infomercial with Evander Holyfield for the "The Real Deal Grill(TM)," a new electric indoor/outdoor cooking appliance it will manufacture and market carrying the name and endorsement of the former four-time former world heavyweight champion. The Real Deal Grill includes a deluxe stand and multiple interchangeable cooking surfaces, with numerous never before seen add-on items making it the most versatile "must-have" cooking appliance for any occasion from camping in the mountains, tailgating at a game, or grilling at home. Full national testing of the video has been rescheduled for early September 2007 As of the date of this Report the final edited version of the infomercial and the web site have been completed. A national airing as a test run of the infomercial took place in early October and the company decided that additional changes are needed to make the marketing more profitable. The company is currently manufacturing additional inventory in China and anticipate to be back on air early December 2007. On February 13, 2007, CirTran announced that we had signed an agreement to manufacture and market a new patent pending portable luggage handle and scale ideal for travelers weighing a suitcase or package. As of the date of this Report, we were working with the client on developing a final version of the product and are expecting to submit samples for final approval in May 2007. As of the date of this Report, final samples had been submitted to the client and we were awaiting approvals. Upon approval, we anticipate that the product will be marketed to large retailers such as Wal-Mart, Sams Club, and Office Depot. On March 12, 2007, CirTran announced that we had signed a contract with Easy Life Products Corporation (ELP) of Venice, California, to manufacture and market a new beauty product. The yet-to-be named new product is a pencil compact combined with a sharpener and pencil holder. Planned add-ons for the product include pencil caps, blotting tissue dispenser, eyelash curler, pencil cap organizer, an eyebrow brush and two-in-one tweezers, patents are now pending for the pencil sharpener, eyelash curler and the tweezers with the U.S. Patent Office. As of the date of this Report, we were working with the client on developing the product and building final samples for approval. 32 Electronics Business and Lines of Products On August 9, 2005, we announced that we completed the first phase of the redevelopment of the next-generation SafetyNet(TM) RadioBridge(TM). Since this announcement, we have completed working on the second phase of the contract. On March 14, 2006, we announced that we had received a $250,000 order to build and deliver the first production run of the next generation SafetyNet(TM) RadioBridge(TM),

which we redesigned at the request and on behalf of Aegis Assessments, Inc., a Scottsdale, Arizona-based homeland security contractor. We delivered the new, redesigned units and received payment in full from Aegis in April 2006. Since these announcements, we have manufactured and shipped additional orders and have received $100,000 as payment for such shipments. During the second quarter of 2007, Racore Technology Corporation entered into an agreement with Aegis Assessments, Inc., to perform additional engineering work to add features for trunked radio systems used in larger metropolitan police and fire departments. This program is currently in the early development stage On November 14, 2006 we announced that Racore has received, processed and shipped its first order from Lear Siegler Services, Inc., of San Antonio, and that Lear Siegler has opened an account to facilitate ordering and processing add-on business. A major provider of operations, maintenance, modification, overhaul, systems integration, logistics support and training services to government agencies and commercial customers in the U.S. and abroad, Lear Siegler's first order was for 100 Racore 8192 100FX 100 Mbps Fiber Optic PCI Fast Ethernet Network Adapters with ST Fiber Connectors. During the first nine months of 2007, Racore Technology Corporation continued to receive add on business for its fiber optic networking products from customers such as Dresser-Rand, Navetechgps, and PCI. Marketing and Media On October 11, 2005, we announced that we were opening a satellite office in Los Angeles in accordance with our internal expansion program. The 2,500 square foot office is located on the 17th floor at 1875 Century Park East in the Century City Entertainment and Business District of Los Angeles. The office serves as headquarters for CirTran's business development and strategic planning activities for our multiple business divisions including electronics, consumer products, direct response/retail and "as sold-on-TV" products. We opened an additional satellite office in New York in 2006 when we leased an executive office suite which serves as a location in which to conduct meetings and transact business on the east coast. Plans to open an office in London have been temporarily put on hold until the markets in Europe develop. As was recently announced, Trevor Saliba is no longer with CirTran Corporation. Although Mr. Saliba was in charge of the Los Angeles office, his departure does not change the original intent of our Los Angeles office which is temporarily being run from the Salt Lake City headquarters. The Los Angeles office will remain open and is currently being staffed by an office manager, who will oversee operations, and a support person, who will attend to the daily functions of the Los Angeles office. Our Los Angeles office lease has expired at the end of October and we are currently negotiating another lease to another office in the same area. We anticipate moving into our new office in early December 2007. In July 2007 we relinquished the New York executive office space. Effective Date of Forward Stock Split ------------------------------------ On May 25, 2007, we issued a press release in which we announced that the Company had been informed by Nasdaq that Company shareholders of record as of 33 the close of business at 4 p.m. E.D.T. on May 10, 2007, would receive shares in a previously-announced 1.2 shares for 1 share forward split on Tuesday, May 29th. Nasdaq also notified the Company that the Company's new ticker symbol as of the opening of business on May 29, 2007, would be CIRC. Sale and Lease of Property ------------------------- On May 4, 2007, PFE Properties LLC ("PFE"), a Utah limited liability company and subsidiary of the Company, sold and leased back the land and building where the Company presently has its headquarters and manufacturing facility. The land and building were sold for $2,500,000. Of that amount, an aggregate of $1,233,288 went to repay PFE's mortgage loan, taxes, fees, commissions, and other expenses. The net amount to PFE was $1,266,712, which was paid at closing. In connection with the sale, the Company entered into a Triple Net Lease (the "Lease") whereby the Company agreed to lease the property from the buyer. The term of the lease is for 10 years, with an option to extend the lease for up to three additional five-year terms. The monthly lease payment will be $17,083. The Company recorded a gain on the sale of the property of $810,736 which is being deferred over the life of the lease, in accordance with Statement of Financial Accounting Standards No. 13. PlayBev Agreement ---------------- On May 25, 2007, CirTran Beverage Corp., a Utah corporation ("CBC"), entered into an Exclusive Manufacturing, Marketing, and Distribution Agreement (the "Agreement") with Play Beverages, LLC, a Delaware limited liability company ("PlayBev"). By way of background, Play Beverages, LLC, is engaged in the business of marketing and distributing beverages, including energy drinks and flavored water beverages, and related merchandise with the Playboy and rabbit head logo (the "Products") pursuant to a license agreement ("License Agreement ") with Playboy Enterprises, Inc. ("Playboy"). After Bev Group LLC ("AfterBev"), was created to acquire an interest and invest in Play Beverages LLC. In doing so, CirTran Beverage Corp. received an 84% membership interest in After Bev for the time involved in negotiating the investment in PlayBev and for its influence and expertise in marketing and manufacturing. PlayBev then signed a Membership Interest Purchase Agreement with AfterBev whereby AfterBev purchased a 50% membership interest in PlayBev for $750,000 and acquired a proxy of 1% of the

voting rights of the Members in AfterBev for providing a $2,000,000 credit facility to PlayBev. During the third quarter, AfterBev received the additional 1% since they met their commitments under the contract. CirTran Beverage Corp. was formed by the Company to arrange for the manufacture, marketing and distribution of the Products through various distribution channels, including traditional retail channels as well as catalogs, internet, live shopping and other channels. Pursuant to the Agreement, PlayBev granted to CBC the exclusive rights during the term of the Agreement to manufacture, market, distribute and sell the Products through all distribution channels in the United States. CBC will be the exclusive manufacturer of all the Products for PlayBev to be sold in the United States. The initial Products under the Agreement will consist of an energy drink and flavored or unflavored water beverage (the "Initial Products"). Additionally under the Agreement, CBC shall be the exclusive master distributor for PlayBev for all Products to be sold in the United States. 34 For its manufacturing services rendered under the Agreement, CBC shall receive from PlayBev an amount equal to 20% of the cost of goods sold ("COGS"), as defined in the Agreement, for the Products sold. For its distribution services rendered under the Agreement, CBC will receive from PlayBev 6% of the gross sales ("Gross Sales"), as defined in the Agreement, of all Products in the United States. The initial term of the Agreement runs through December 31, 2010, and the Agreement provides for automatic renewal for up to two renewal terms of three years each unless PlayBev notifies CBC or CBC notifies PlayBev in writing of its intent not to renew at least three, but not more than 12, months prior to the termination of the initial term or the then-current renewal term. During the term of the Agreement, both parties agreed that they will not sell or distribute in the United States the Product or any products that are confusingly or substantially similar or directly competitive to the Product other than as set forth in the Agreement. Recent Developments Ball Blaster Product -------------------- On June 8, 2007, we announced that CTM signed an exclusive agreement with Full Moon Enterprises of Nevada to license a new product for the sold-on-TV market. A patent application for "The Ball Blaster(TM)" has been filed, by the inventor, with the U.S. Patent Office, and CTM has the right to make modifications and improvements in the product, now and in the future. CTM has the worldwide marketing and distribution rights via all marketing channels. CTM will pay a royalty to the licensor for each unit sold. The agreement shall terminate five years after the date of the agreement, although the agreement shall automatically renew for up to two renewal terms of five years each, unless either party gives 12 months' written notice of termination. We have started the marketing process of identifying and meeting with potential celebrity spokespersons who would demonstrate the Ball Blaster in TV infomercials. Extension of Registration Deadlines ---------------------------------- The Company subsequently entered into an Amendment Number 3 to Amended and Restated Investor Registration Rights Agreement ("Amendment No. 2") with Cornell, which amended an Amended and Restated Investor Registration Rights Agreement dated as of August 23, 2006, as amended October 30, 2006, and January 12, 2007. The purpose of Amendment No. 3 was to extend the filing deadline for a registration statement to be filed by the Company to register the resale by Cornell of shares of the Company's common stock issuable to Cornell upon conversion of a convertible debenture in the aggregate principal amount of $1,500,000 (the "August Debenture") issued to Cornell in August 2006. The new filing deadline for the registration statement is December 15, 2007. The Company also entered into an Amendment Number 5 to Investor Registration Rights Agreement ("Amendment No. 5") with Cornell, which amended an Investor Registration Rights Agreement dated as of December 30, 2005, as most recently amended January 12, 2007. The purpose of Amendment No. 5 was to extend the filing deadline for a registration statement to be filed by the Company to register the resale by Cornell of shares of the Company's common stock issuable to Cornell upon conversion of a convertible debenture in the aggregate principal amount of $1,500,000 (the "December Debenture") issued to Cornell in December 2005. The new filing deadline for the registration statement is December 15, 2007. 35 Significant Accounting Policies Financial Reporting Release No. 60, which was recently released by the Securities and Exchange Commission, requires all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. Note 1 of the Notes to the Financial Statements contained in our Annual Report on Form 10-KSB includes a summary of the significant accounting policies and methods used in the preparation of our Financial Statements. The following is a brief discussion of the more significant accounting policies and methods used by us. Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. These principles require us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Estimated amounts may differ under

different assumptions or conditions, and actual results could differ from the estimates. Revenue Recognition Revenue is recognized when products are shipped. Title passes to the customer or independent sales representative at the time of shipment. We also recognize revenue using the Bill and Hold method prescribed by SEC Staff Accounting Bulletin 104. The "Bill and Hold" method provides for revenue recognition when a customer order has been completed but has not shipped as an accommodation to the customer. This method was adopted during the quarter ended September 30, 2006, in response to orders placed by customers in the direct sales market only, whereby the customer order is confirmed but delivery is delayed according to a prescribed delivery schedule. Returns for defective items are repaired and sent back to the customer. Historically, expenses experienced with such returns have not been significant and have been recognized as incurred. We signed an Assignment and Exclusive Services Agreement with GMA whereby revenues and all concomitant performance obligations, have been assigned to CTO. As such, revenues, expenses, assets and liabilities for all periods covered by the effective date of the Agreement (as of January 1, 2007) have been recognized at gross amounts by the company. Pursuant to Statement of Financial Accounting Standard No. 13, Accounting for Leases, we have reported the gain on the sale of the building as deferred revenue to be recognized over the term of the lease. (See Footnote 8 - Sale of Building, to the financials statements for details.) We have also signed a Manufacturing, Marketing and Distribution Agreement with Play Beverages LLC, whereby CBC is acting as subcontractor to Play Beverages LLC, as the vendor of record, in providing marketing and distribution services. As such, revenues, expenses, assets and liabilities for all periods covered by the effective date of the Agreement (May 25, 2007) have been recognized at gross amounts by the company. Inventories Inventories are stated at the lower of average cost or market value. Costs include labor, material, and overhead costs. Overhead costs are based on indirect costs allocated among cost of sales, work-in-process inventory, and 36 finished goods inventory. Indirect overhead costs have been charged to cost of sales or capitalized as inventory based on management's estimate of the benefit of indirect manufacturing costs to the manufacturing process. When there is evidence that the inventory's value is less than original cost, the inventory is reduced to market value. We determine market value on current resale amounts and whether technological obsolescence exists. We have agreements with most of its customers that require the customer to purchase inventory items related to their contracts in the event that the contracts are cancelled. The market value of related inventory is based upon those agreements. We typically order inventory on a customer-by-customer basis. In doing so we enter into binding agreements that the customer will purchase any excess inventory after all orders are complete. Results of Operations - Comparison of the Nine Months ended September 30, 2007 and 2006 Sales and Cost of Sales Net sales increased to $8,700,004 for the nine months period ended September 30, 2007, as compared to $7,007,118 during the same period in 2006, for an increase of 24.2%. Net sales increased to $3,533,555 for the three months period ended September 30, 2007, as compared to $3,044,853 during the same period in 2006, for an increase of 16.1%. This increase is attributed to the income generated from the marketing segments. Cost of sales decreased by 8.7%, to $4,135,494 during the nine months ended September 30, 2007, from $4,529,641 during the same period in 2006. Cost of sales decreased by 25.3%, to $1,723,568 during the three months period ended September 30, 2007, from $2,307,237 during the same period in 2006. The decrease in cost of sales is due in part to the increase in revenue of the marketing segments. Our gross profit margin for the nine months period ended September 30, 2007, was 52.5%, up from 35.4% for the same period in 2006. Our gross profit margin for the three months period ended September 30, 2007, was 51.2%, up from 24.2% for the same period in 2006. The majority of the increase is due to the increase in revenue generated by the marketing revenues, which have more favorable margins compared to our electronics manufacturing operations. Inventory We use just-in-time manufacturing in our USA factory, which is a production technique that minimizes work-in-process inventory and manufacturing cycle time, while enabling us to deliver products to customers in the quantities and time frame required. This manufacturing technique requires us to maintain an inventory of component parts to meet customer orders. Inventory at September 30, 2007, was $2,048,984, as compared to $1,960,013 at December 31, 2006. The increase in inventory is considered to be minimal and is within a reasonable range. Selling, General and Administrative Expenses During the nine months, ended September 30, 2007, selling, general and administrative expenses were $7,077,802 versus $3,826,899 for the same period in 2006, a 84.9% increase. During the three months, ended September 30, 2007, selling, general and administrative expenses were $2,529,784 versus $1,062,570 for the same period in 2006, a 138.1% increase. The increase is the result of the additional expense of start up and staffing the CirTran Beverage Corp. and CirTran Online Corp. It is anticipated that selling, general and administrative expenses will continue to increase due to shift from manufacturing to service and marketing oriented operations, which is the focus of our marketing and media services. As mentioned above the

marketing projects do not require inventories to support operations, but they do require additional manpower and resources that we anticipate will be reflected as additional selling, general and administrative expenses. 37 Other Income and Expenses Interest expense for the nine months ended September 30, 2007, was $2,044,116 as compared to $2,330,309 for the same period in 2006, a decrease of 12.3%. Interest expense for the three months ended September 30, 2007, was $584,328 as compared to $693,494 for the same period in 2006, a decrease of 15.7%. The changes in interest expense were primarily due to the derivative treatment of the convertible debenture. As a result of the above factors, we have a net gain of $82,898 for the quarter ended September 30, 2007, as compared to a net loss of $2,980,288 for the quarter ended September 30, 2006 and $3,463,510 for the nine months ended September 30, 2007, and $3,912,604 for the same period in 2006. This net loss is attributed to substantially higher operating costs associated with developing the new projects, and company segments pertaining to direct TV and retail marketing programs. Liquidity and Capital Resources Our expenses are currently greater than our revenues. We have had a history of losses preceding this quarter, and our accumulated deficit has increased to $25,645,189 at September 30, 2007, compared to $22,181,679 at December 31, 2006. Our net loss for the nine months ended September 30, 2007, was $3,463,510 compared to $3,912,604 for the nine months ended September 30, 2006. Our current liabilities exceeded our current assets by $4,981,533 and $4,863,641 as of September 30, 2007 and December 31, 2006, respectively. For the nine months ended September 30, 2007, we had negative cash flows from operations of $2,920,923 compared to negative cash flows from operations for the nine months ended September 30, 2006 of $1,631,660. Cash We had cash on hand of $99,442 at September 30, 2007, and $146,050 at December 31, 2006. Net cash used in operating activities was $2,920,923 for the nine months ended September30, 2007. Cash received from customers of $$7,792,780 was not sufficient to offset cash paid to vendors, suppliers, and employees of $9,959,140. The non-cash charges were for depreciation and amortization of $639,914 and accretion expense of $1,633,667. Because we have historically had negative cash flows from operations, we must rely on sources of cash other than customers to support our operations. It is anticipated that various methods of equity financing will be required to support operations until cash flows from operations are consistently positive. Net cash provided by investing activities during the nine months ended September 30, 2007, was $2,135,767, which was primarily related to the sale of the office building for $2,500,000. Net cash provided in financing activities was $738,548 during the nine months ended September 30, 2007, and was primarily related to paying off the mortgage on the office building, in the amount of $1,233,000 which was done in conjunction with the sale of property. The use of funds to pay off the mortgage was offset by the cash received from the sale of a minority interest in After Bev of $1,848,000. 38 Accounts Receivable At September 30, 2007, we had receivables of $1,889,320, net of a reserve for doubtful accounts of $14,181, as compared to $982,096 at December 31, 2006, net of a reserve of $14,181. The increase of $907,224 in accounts receivable is due to addition of the marketing segments We have implemented an aggressive process to collect past due accounts over the past two years. Individual accounts are continually monitored for collectibles. As part of monitoring individual customer accounts, we evaluate the adequacy of its allowance for doubtful accounts. Since the implementation of the collection process, very few accounts have been deemed uncollectible. Accounts Payable Accounts payable were $1,390,695 at September 30, 2007, as compared to $1,135,527 at December 31, 2006. The increase is due to the addition of the marketing segments. Liquidity and Financing Arrangements We have a history of substantial losses from operations and using rather than providing cash in operations. We had an accumulated deficit of 25,645,189 and a total stockholders' deficit of $306,566 at September 30, 2007. As of September 30, 2007, our monthly operating costs and interest expenses averaged approximately $1,014,000 per month. In conjunction with our efforts to improve our results of operations, discussed above, we are also actively seeking infusions of capital from investors. It is unlikely that we will be able, in our current financial condition, to obtain additional debt financing; and if we did acquire more debt, we would have to devote additional cash flow to paying the debt and securing the debt with assets. We may therefore have to rely on equity financing to meet our anticipated capital needs. There can be no assurances that we will be successful in obtaining such capital. If we issue additional shares for debt and/or equity, this will dilute the value of our common stock and existing shareholders' positions. Convertible Debentures Highgate - On May 26, 2005, we entered into an agreement with Highgate Funds, Ltd. ("Highgate") to issue to Highgate a $3,750,000, 5% Secured Convertible Debenture (the "Debenture"). Highgate subsequently changed its name to Yorkville Advisors, LLC ("Yorkville"), which will be used in this report. The Debenture is due December 2007 and is secured by all of our property. Accrued interest is payable at the time of maturity or conversion. We may elect, at our option to pay accrued interest in cash or shares of the Company's common stock. If paid in stock, the conversion price shall be the

closing bid price of the common stock on either the date the interest payment is due or the date on which the interest payment is made. The balance of accrued interest owed at September 30, 2007, and December 31, 2006, was $148,335 and $163,884, respectively. At any time, Yorkville may elect to convert principal amounts owing on the Debenture into shares of the Company's common stock at a conversion price equal to the lesser of $0.10 per share, or an amount equal to the lowest closing bid price of our common stock for the twenty trading days immediately preceding the conversion date. We have the right to redeem a portion or the entire Debenture then outstanding by paying 105% of the principal amount redeemed plus accrued interest thereon. Yorkville's right to convert principal amounts into shares of our common stock is limited as follows: 39 (i) Yorkville may convert up to $250,000 worth of the principal amount plus accrued interest of the Debenture in any consecutive 30-day period when the market price of our stock is $0.10 per share or less at the time of conversion; (ii) Yorkville may convert up to $500,000 worth of the principal amount plus accrued interest of the Debenture in any consecutive 30-day period when the price of our stock is greater than $0.10 per share at the time of conversion; provided, however, that Yorkville may convert in excess of the foregoing amounts if we and Yorkville mutually agree; and (iii) Upon the occurrence of an event of default, Yorkville may, in its sole discretion, accelerate full repayment of all debentures outstanding and accrued interest thereon or may convert the Debentures and accrued interest thereon into shares of our common stock. Except in the event of default, Yorkville may not convert the Debenture for a number of shares that would result in Yorkville owning more than 4.99% of our outstanding common stock. In connection with the issuance of the Yorkville Debenture, we granted Yorkville registration rights related to the issuance of the debenture. We determined that the features of the Debenture fell under derivative accounting treatment. As of September 30, 2007, the carrying value of the Debenture was $1,372,301. The carrying value will be accreted each quarter over the life of the Debenture until the carrying value equals the unconverted face value of $1,585,000. The fair value of the derivative liability as of September 30, 2007 was $636,911. In connection with the issuance of the Debenture, $2,265,000 of the proceeds were paid to Cornell to repay promissory notes. Fees of $256,433 were withheld from the proceeds, were capitalized, and are being amortized over the life of the note. As such, of the total Debenture of $3,750,000, the net proceeds to CirTran were $1,228,567. The proceeds were used for general corporate and working capital purposes, at our discretion. Between the months of January 2007 and October 2007, Yorkville converted $1,425,000 of principal on its convertible debenture into 92,220,089 shares of our common stock, at conversion rates of $0.008 to $0.01513 per share, per the terms of the debenture agreement. As of the date of this Report, the remaining principal balance was $1,425,000. Cornell - On December 30, 2005, we entered into an agreement with Cornell to issue to Cornell a $1,500,000, 5% Secured Convertible Debenture (the "Cornell Debenture"). The Cornell Debenture is due July 30, 2008, and is secured by all our property, junior to the Yorkville security interest. Accrued interest is payable at the time of maturity or conversion. We may, at our option, elect to pay accrued interest in cash or shares of our common stock. If paid in stock, the conversion price shall be the closing bid price of the common stock on either the date the interest payment is due or the date on which the interest payment is made. The balance of accrued interest owed at September 30, 2007 and December 31, 2006, was $130,890 and $74,795 respectively. At any time, Cornell may elect to convert principal amounts owing on the Cornell Debenture into shares of our common stock at a conversion price equal to the lowest closing bid price of our common stock for the twenty trading days immediately preceding the conversion date. We have the right to redeem a portion or the entire Cornell Debenture then outstanding by paying 105% of the principal amount redeemed plus accrued interest thereon. 40 Cornell's right to convert principal amounts into shares of our common stock is limited as follows: (i) Cornell may convert up to $250,000 worth of the principal amount plus accrued interest of the Cornell Debenture in any consecutive 30-day period when the market price of our stock is $0.10 per share or less at the time of conversion; (ii) Cornell may convert up to $500,000 worth of the principal amount plus accrued interest of the Cornell Debenture in any consecutive 30-day period when the price of the Company's stock is greater than $0.10 per share at the time of conversion; provided, however, that Cornell may convert in excess of the foregoing amounts if we and Cornell mutually agree; and (iii) Upon the occurrence of an event of default, Cornell may, in its sole discretion, accelerate full repayment of the debenture outstanding and accrued interest thereon or may convert the Cornell Debenture and accrued interest thereon into shares of our common stock. Except in the event of default, Cornell may not convert the Cornell Debenture for a number of shares that would result in Cornell owning more than 4.99% of our outstanding common stock. The Cornell Debenture was issued with 10,000,000 warrants with an exercise price of $0.09 per share that vest immediately and have a three-year life. In connection with the issuance of the Cornell Debenture, we granted Cornell registration rights related to the

issuance of the Cornell Debenture and warrants. We determined that the features on the Cornell Debenture and the associated warrants fell under derivative accounting treatment. As of September 30, 2007, the carrying value of the Cornell Debenture was $1,014,846. The carrying value will be accreted each quarter over the life of the Cornell Debenture until the carrying value equals the face value of $1,500,000. The fair value of the derivative liability relating to the Cornell debenture, excluding the warrants, as of September 30, 2007 was $979,099. The fair value of the warrants was $5,476 as of September 30, 2007. In connection with the issuance of the Cornell Debenture, fees of $130,000 were withheld from the proceeds, capitalized, and will be amortized over the life of the Cornell Debenture. As such, of the total Cornell Debenture of $1,500,000, the net proceeds to CirTran were $1,370,000. The proceeds will be used for general corporate and working capital purposes, at our discretion. Additionally, we entered into an amended and restated investor registration rights agreement with Cornell (the "Registration Rights Agreement"), which superseded the Cornell registration rights agreement between CirTran and Cornell entered into in December 2005. Pursuant to the Registration Rights Agreement, we agreed to file, no later than October 15, 2006, a registration statement to register the resale of shares of our common stock issuable to Cornell upon conversion of the Cornell Debenture and exercise of the Warrants. We agreed to register the resale of up to 42,608,696 shares, consisting of 32,608,000 shares underlying the Debenture and 10,000,000 shares underlying the Warrants. We agreed to keep such registration statement effective until all of the shares issuable upon conversion of the Debenture have been sold. In the event that we issue more than 42,608,696 shares of common stock upon conversion of the December Debenture, we will file additional registration statements as necessary. The agreement was subsequently amended to extend the filing date of the registration to December 15, 2007. 41 In connection with the Cornell Debenture, Cornell agreed that it could not convert any amount of principal or interest of the Cornell Debenture in accordance with the terms and conditions of the Lockdown Agreement by and between CirTran and Cornell July 20, 2006, until we have effectuated an increase in its authorized capital. CirTran and Cornell also agreed that in the event that we have not effectuated such increase in its authorized capital by October 30, 2006, which was subsequently extended to June 1, 2007, such failure would constitute an event of default on parallel with those set forth in the Purchase Agreement and subject to the same consequences as those listed in the Purchase Agreement. On April 30, 2007, the Company received shareholder approval to increase its authorized capital to include 1,500,000,000 shares of common stock. As a result of the increase, the authorized shares provided adequate coverage for the conversion of the Cornell Debenture and therefore negated the need for the Cornell Lockdown Agreement. As of the date of this Report, Cornell had not converted any of the Cornell Debenture into shares of the Company's common stock. Cornell - On August 23, 2006, we entered into another securities purchase agreement (the "Purchase Agreement") with Cornell, relating to the issuance by CirTran of a 5% Secured Convertible Debenture, due April 23, 2009, in the aggregate principal amount of $1,500,000 (the "August Debenture"). Accrued interest is payable at the time of maturity or conversion. We may, at our option, elect to pay accrued interest in cash or shares of our common stock. If paid in stock, the conversion price shall be the closing bid price of the common stock on either the date the interest payment is due or the date on which the interest payment is made. The balance of accrued interest owed at September 30, 2007 and December 31, 2006 was $82,603 and $26,507 respectively. At any time, Cornell may elect to convert principal amounts owing on the Cornell Debenture into shares of our common stock at a conversion price equal to an amount equal to the lowest closing bid price of our common stock for the twenty trading days immediately preceding the conversion date. We have the right to redeem a portion or the entire Cornell Debenture then outstanding by paying 105% of the principal amount redeemed plus accrued interest thereon. We also paid a commitment fee of $120,000 and a structuring fee of $15,000 to Cornell. As such, of the total purchase amount of $1,500,000, the net proceeds to CirTran were $1,365,000. We used these proceeds for general corporate and working capital purposes, at our discretion. Cornell's right to convert principal amounts owing under the August Debenture into shares of our common stock is limited as follows: (i) Cornell may convert up to $500,000 worth of the principal amount plus accrued interest of the August Debenture in any consecutive 30-day period when the price of our stock is $0.03 per share or less at the time of conversion; (ii) Cornell may convert any amount of the principal amount plus accrued interest of the August Debenture in any consecutive 30-day period when the price of our stock is greater than $0.03 per share at the time of conversion; and (iii) Upon the occurrence of an Event of Default (as defined in the Debenture), Cornell may, in its sole discretion, accelerate full repayment of all debentures outstanding and accrued interest thereon or may, notwithstanding any limitations contained in the August Debenture and/or the Purchase Agreement, convert all debentures outstanding and accrued interest thereon in to shares of our Common Stock pursuant to the August

Debenture. 42 Except in the event of default, Cornell may not convert the August Debenture for a number of shares of common stock in excess of that number of shares of common stock that would result in Cornell owning more than 4.99% of our outstanding common stock. In connection with the Purchase Agreement, we also agreed to grant to Cornell warrants (the "Warrants") to purchase up to an additional 15,000,000 shares of our common stock. The Warrants have an exercise price of $0.06 per share, and expire three years from the date of issuance. The Warrants also provide for cashless exercise if at the time of exercise there is not an effective registration statement or if an event of default has occurred. We determined that the features on the August Debenture and the Warrants fell under derivative accounting treatment. As of September 30, 2007, the carrying value of the August Debenture was $727,568. The carrying value will be accreted each quarter over the life of the August Debenture until the carrying value equals the face value of $1,500,000. The fair value of the derivative liability relating to the August Debenture, excluding the warrants, as of September 30, 2007, was $1,014,846. The fair value of the warrants was $10,582 as of September 30, 2007. As of the date of this Report, Cornell had not converted any of the August Debenture into shares of our common stock. Additionally, we entered into an amended and restated investor registration rights agreement with Cornell (the "Registration Rights Agreement"), which superseded the Cornell registration rights agreement between CirTran and Cornell entered into in August 2006. Pursuant to the Registration Rights Agreement, we agreed to file, no later than October 15, 2006, a registration statement to register the resale of shares of our common stock issuable to Cornell upon conversion of the Cornell Debenture and exercise of the Warrants. We agreed to register the resale of up to 89,291,304 shares, consisting of 74,291,304 shares underlying the Debenture and 15,000,000 shares underlying the Warrants. We agreed to keep such registration statement effective until all of the shares issuable upon conversion of the Debenture have been sold. In the event that we issue more than 89,291,304 shares of common stock upon conversion of the August Debenture, we will file additional registration statements as necessary. The agreement was subsequently amended to extend the filing date of the registration to December 15, 2007. As of September 30, 2007, no amount of the August Debenture had been converted and no shares of our common stock had been issued to Cornell. Lockdown Agreements On July 20, 2006, we entered into two lockdown agreements with existing security holders. The first agreement (the "Cornell Agreement") was with Cornell and related to the Cornell Debenture. Pursuant to the Cornell Agreement, Cornell agreed that it would not convert any of the principal or interest on the Cornell Debenture or exercise any of the Warrants granted to Cornell until we had taken the steps necessary to increase our authorized capital. As such, we were able to lock down 106,900,000 shares underlying the Cornell Debenture and 25,000,000 shares underlying the Cornell Warrants. The second agreement (the "ANAHOP Agreement") was with ANAHOP, Albert Hagar, and Fadi Nora, and related to the May and June private placement transactions discussed above. Pursuant to the ANAHOP Agreement, Hagar and Nora agreed that they would not exercise any of the warrants they received in connection with the May or June private offerings until we have taken the steps necessary to increase our authorized capital. Additionally, ANAHOP agreed that it would not 43 make the Second Tranche Payment to purchase the Second Tranche Shares until we have taken the steps necessary to increase our authorized capital. As such, under the ANAHOP Agreement, we were able to lock down 21,428,571 shares, and 93,000,000 shares underlying the warrants issued to Hagar and Nora in the May and June private placements. At a Special Meeting of Shareholders held April 30, 2007, we received approval from our shareholders to amend our Articles of Incorporation to increase our authorized capital to include 1,500,000,000 shares of common stock. The increase in the number of authorized shares provided adequate coverage for the conversion of the ANAHOP warrants and therefore negated the need for the ANAHOP Lockdown Agreement. Forward-looking statements Certain of the statements contained in this Report (other than the historical financial data and other statements of historical fact) are forward-looking statements. These statements include, but are not limited to our expectations with respect to the development of a new offices or divisions; the achievement of certain revenue goals; the receipt of new business and contracts; and our intentions with respect to financing our operations in the future. Additional forward-looking statements may be found in the "Risk Factors" Section of our Annual Report on Form 10-KSB, together with accompanying explanations of the potential risks associated with such statements. You are encouraged to review the "Risk Factors" Section of our Annual Report. Forward-looking statements made in this Quarterly Report, are made based upon management's good faith expectations and beliefs concerning future developments and their potential effect upon the Company. There can be no assurance that future developments will be in accordance with such expectations, or that the effect of future developments on CirTran will be those anticipated by management. Forward-looking statements may be identified by the use of words such as "believe," "expect," "plans," "strategy,"

"prospects," "estimate," "project," "anticipate," "intends" and other words of similar meaning in connection with a discussion of future operating or financial performance. You are cautioned not to place undue reliance on these forward-looking statements, which are current only as of the date of this Report. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Many important factors could cause actual results to differ materially from management's expectations, including those listed in the "Risk Factors" Section of our Annual Report for the year ended December 31, 2006, as well as the following: * unpredictable difficulties or delays in the development of new products and technologies; * changes in U.S. or international economic conditions, such as inflation, interest rate fluctuations, foreign exchange rate fluctuations or recessions in CirTran's markets; * pricing changes to our supplies or products or those of our competitors, and other competitive pressures on pricing and sales; * difficulties in obtaining or retaining the management, engineering, and other human resource competencies that we need to achieve our business objectives; * collection of customer balances due on account; 44 * the impact on CirTran or a subsidiary from the loss of a significant customer or a few customers; * risks generally relating to our international operations, including governmental, regulatory or political changes; * transactions or other events affecting the need for, timing and extent of our capital expenditures; and * the extent to which we reduce outstanding debt. Item 3. Controls and Procedures We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized, and reported within the required time periods, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, who was also acting as our Chief Financial Officer as of the date of this report, as appropriate, to allow for timely decisions regarding disclosure. As disclosed in our Annual Report on Form 10-KSB for the year ended December 31, 2006, as required by Rule 13a-15(b) under the Exchange Act, we conducted an evaluation, under the supervision of our Chief Executive Officer and former Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2006. In our evaluation, we identified deficiencies that existed in the design or operation of our internal control over financial reporting that our independent registered public accounting firm and we considered a "material weaknesses." A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the annual or interim financial information will not be prevented or detected. Based on the matters identified above, our Chief Executive Officer and former Chief Financial Officer concluded that our disclosure controls and procedures were not effective. These deficiencies have been disclosed to our Board of Directors. The deficiencies in our internal control over financial reporting related primarily to the failure to properly measure and disclose equity and debt transactions. The deficiencies were detected in the evaluation process and the transactions have been appropriately recorded and disclosed in this Quarterly Report on Form 10-QSB. We are in the process of improving our internal control over financial reporting in an effort to resolve these deficiencies through improved supervision and training of our accounting staff, but additional effort is needed to fully remedy these deficiencies. In an effort to resolve the deficiencies in internal control, mentioned above, we, in concurrence with the recommendation of our registered independent public accounting firm, embarked upon an executive search for a qualified candidate to fill the position of chief financial officer. We successfully concluded the executive search on May 15, 2006, when we signed a three-year contract with Richard T. Ferrone, CPA, as the CFO of the Company. On October 22, 2007, Richard T. Ferrone resigned as the CFO and Iehab Hawatmeh, President resumed the responsibilities of CFO. The addition of an experienced financial executive was a major achievement in addressing and resolving the deficiencies in our financial controls and also provided us with the capacity to develop and advance our overall financial capabilities of the Company. We are currently involved in an executive search to find a new CFO. 45 Currently, our financial policies and procedures are being evaluated. As a result, several new internal control procedures have been developed and documented and are being implemented accordingly. The financial policies and procedures evaluation program will be an ongoing process, and one of the main responsibilities of the new CFO, to insure continued adequacy and compliance with prescribed internal control procedures, with the initial development of the program primarily focused on the development of internal control procedures and supporting documentation. Quarterly Evaluation of Disclosure Controls and Procedures. Our Chief Executive Officer/Chief Financial Officer, after evaluating the effectiveness of the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (Exchange Act) Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this quarterly report, has concluded that our disclosure controls and procedures were

not effective to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the applicable time periods. As noted above, we are working to remediate the weakness described above, including the hiring a new chief financial officer. Changes in Internal Control over Financial Reporting. As noted above, we are in the process of improving our internal control over financial reporting in an effort to resolve these deficiencies through improved supervision and training of our accounting staff. Additionally, we hired a Chief Financial Officer, who has recently resigned. We are currently searching for a new CFO. However, in addition to finding a new CFO, additional effort is needed to fully remedy these deficiencies. Our management and directors will work with our CFO, our auditors and outside advisors to ensure that our controls and procedures are adequate and effective. While our disclosure controls and procedures provide reasonable assurance that the appropriate information will be available on a timely basis, this assurance is subject to limitations inherent in any control system, no matter how well designed and administered. Section 404 Assessment. Section 404 of the Sarbanes-Oxley Act of 2002 requires management's annual review and evaluation of our internal controls, beginning with our Form 10-KSB for the fiscal year ending on December 31, 2007, and an attestation of the effectiveness of these controls by our independent registered public accountants beginning with our Form 10-KSB for the fiscal year ending on December 31, 2008. We plan to dedicate significant resources, including management time and effort, and to incur substantial costs in connection with our Section 404 assessment. The evaluation of our internal controls will be conducted under the direction of our senior management. We will continue to work to improve our controls and procedures, and to educate and train our employees on our existing controls and procedures in connection with our efforts to maintain an effective controls infrastructure. 46 Part II. OTHER INFORMATION Item 1. Legal Proceedings We assumed certain liabilities of Circuit Technology, Inc., ("Circuit"), in connection with our transactions in the year 2000, and as a result, we were defendant in a number of legal actions involving nonpayment of vendors for goods and services rendered. We negotiated settlements with respect to all of these liabilities, and as of May 2007, none of the assumed liabilities remain. CirTran Asia v. Mindstorm, Civil No. 050902290, Third Judicial District Court, Salt Lake County, State of Utah. In February 2005, CirTran Asia brought suit against Mindstorm Technologies, LLC, for nonpayment for goods provided. On April 22, 2005, the defendant filed its answer and counterclaim, following which defendant's counsel withdrew from representation. CirTran Asia notified defendant that under governing rules it was required to appoint successor counsel. The defendant failed to do so, and failed to prosecute its claim. CirTran Asia moved for default judgment, which was granted. CirTran Asia submitted an order of default judgment in the amount of $288,529 to the court in September 2005, which was signed by the Court. The Company continues to evaluate its settlement options. CirTran Asia, et al. v. International Edge, et al., Civil No. 2:05 CV 413BSJ, U.S. District Court, District of Utah. On May 11, 2005, CirTran Asia, UKING System Industry Co., Ltd., and Charles Ho filed suit against International Edge, Inc., Michael Casey Enterprises, Inc., Michael Casey, David Hayek, and HIPMG, Inc., for breach of contract, breach of the implied covenant of good faith and fair dealing, interference with economic relationships, and fraud in relation to certain licensing issues relating to the Ab King Pro. The defendants counterclaimed, alleging breach of contract, fraud, defamation and related claims, all related to the Ab King Pro, seeking damages in the amount of $10,000,000. CirTran Asia and the other plaintiffs filed their reply to the counterclaim, disputing all of the allegations and claims. International Edge filed a motion to dismiss for lack of jurisdiction, which was denied. As of the date of this Report, the case was proceeding in the discovery stage. Sales from this product in the year ended December 31, 2005, were approximately $960,000, and in the year ended December 31, 2006, were approximately $0. CirTran Asia intends to vigorously pursue this action. CirTran Corporation vs. Advanced Beauty Solutions, LLC, and Jason Dodo, Civil No. 060900332, Third Judicial District Court, Salt Lake County, State of Utah. On January 9, 2006, we brought suit against Advanced Beauty Solutions ("ABS") and Jason Dodo, asserting claims including breach of contract, breach of the implied covenant of good faith and fair dealing, interference with economic relations, fraud and unjust enrichment. On January 24, 2006, ABS filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Central District of California, San Fernando Valley Division (the "ABS Bankruptcy Court"), Case No. SV 06-10076 GM. On January 30, 2006, a hearing ("Hearing") was held to consider the Emergency Motion for Order Approving the Settlement and Compromise of the Disputed Secured Claims of Inventory Capital Group, Inc. ("ICG"), and Media Funding Corporation ("MFC") (the "Settlement Motion") filed by ABS. The continued Hearing on the Settlement Motion was held on February 16, 2006, at which time the settlement was modified. Prior to a separate hearing held on March 24, 2006, on ABS's Motion for Order: (1) Approving Sale and Assignment of Substantially All

Assets of the Estate Free and Clear of Liens; (2) Approving Assumption and Assignment of Leases and Executory Contracts Included in the Sale and Rejection of Leases and Executory Contracts Not Included in the Sale; and (3) Granting Related Relief (the "Sale Motion"), the settlement was further modified. The modifications to the proposed settlement were read into the ABS Bankruptcy Court's record at the Hearing on 47 the Settlement Motion and the March 24, 2006 hearing on the Sale Motion ("Proposed Modifications"). Written notice of the Proposed Modifications was provided to creditors and parties in interests on March 27, 2006, and the Declaration of James C. Bastian, Jr., attesting that no objections to the Proposed Modifications have been received by ABS, was filed with the ABS Bankruptcy Court. On June 6, 2006, we signed an agreement with ABS (the "Asset Purchase Agreement"), subject to the ABS Bankruptcy Court's approval. On June 7, 2006, the ABS Bankruptcy Court entered orders approving the Asset Purchase Agreement and granting the Sale Motion, and approving the settlement and compromise of certain disputed claims against ABS. Pursuant to the settlement of ABS's bankruptcy proceedings and the Asset Purchase Agreement, the Company has an allowed claim against the ABS's estate in the amount of $2,350,000, of which $750,000 is to be credited to the purchase of substantially all of ABS's assets. Under the settlement, we shall be allowed to participate as a general unsecured creditor of ABS's estate in the amount of $1,600,000 on a pari passu basis with the $2,100,000 general unsecured claim of certain insiders of ABS and subject to the prior payment of certain secured, priority, and non-insider claims in the amount of approximately $1,507,011. Under the Asset Purchase Agreement, we agreed to purchase substantially all of ABS's assets (the "Assets") in exchange for: i) a cash payment in the amount of $1,125,000; ii) a reduction of CirTran's allowed claim in the Bankruptcy Case by $750,000; iii) the assumption of any assumed liabilities; and iv) the obligation to pay ABS a royalty equal to $3.00 per True Ceramic Pro flat iron unit sold by ABS (the "Royalty Obligation"). The Assets include personal property; intellectual property; certain executory contracts and unexpired leases; inventory; ABS's rights under certain insurance policies; deposits and prepaid expenses; books and records; goodwill; certain causes of action; permits; customer and supplier lists; and telephone numbers and listings. Under the Asset Purchase Agreement, the Royalty Obligation is capped at $4,135,000. To the extent the amounts paid to ABS on account of the Royalty Obligation equal less than $435,000 on the 2-year anniversary of the Closing, then, within 30 days of such anniversary, we agreed to pay ABS an amount equal to $435,000 less the royalty payments made to date. As part of the settlement, we agreed to exchange general releases with, among others, ABS, Jason Dodo (the manager of ABS), Inventory Capital Group ("ICG"), and Media Funding Corporation ("MFC"). The settlement also resolved a related dispute with ICG in which ICG assigned $65,000 of its secured claim against ABS to CirTran. Pursuant to the court-approved settlement, payments under the Royalty Obligation will be made in the following order: a) The Royalty Obligation payments will be made exclusively to ICG and MFC (collectively, the "Secured Parties") until (i) the Secured Parties have been paid in full on account of their $1,243,208.44 secured claim, or (ii) the Secured Parties have been paid $100,000 in payments under the Royalty Obligation, whichever comes first. b) The next $70,000 Royalty Obligation payments will be made to a service provider to ABS (in the amount of $50,000) and to an individual with an allowed claim (in the amount of $20,000). 48 c) Following the payments to the Secured Parties and others as set forth immediately above, the remaining Royalty Obligation payments will be used for distribution to allowed general unsecured claims not including those of CirTran and certain insiders with unpaid notes (the "Insider Noteholders"). d) Following payments as set forth in (a), (b), and (c) above, the Royalty Obligation payments will be shared pro rata among the Insider Noteholders (with a total allowed aggregate claim of $2,100,000), and CirTran (with a general unsecured claim in the amount of $1,600,000), until paid in full. The total claim against ABS's estate that must be paid before CirTran begins to share in the Royalty Obligation payments is $435,000. We had paid $222,906 of the $435,000 obligation through September 30, 2007. CirTran v. Guthy-Renker Corporation and Ben Van De Bunt, Civil No. 20060980298, Third Judicial District Court, Salt Lake County, State of Utah. In May 2006, we filed suit against Guthy-Renker Corporation and one of its officers, claiming breach of contract, breach of the implied covenant of good faith and fair dealing, interference with economic relationships, misrepresentation, and punitive damages. The suit seeks damages in an amount to be proven at trial. The defendants filed a motion to stay litigation and compel arbitration in the matter. We filed our response to the motion. On November 7, 2006, the motion was granted. As of the date of this report, we were preparing for arbitration. Item 2. Unregistered Sales of Equity Securities and Use of Proceeds In January 2007, Yorkville converted $100,000 of interest on its convertible debenture into 6,199,628 shares of our restricted common stock at a conversion rate of $0.01613 per share, which was the lower of $0.10 or 100% of the lowest closing bid price of our common stock over the 20 trading days preceding the conversion. On February 12, 2007, Yorkville converted $100,000 of its convertible

debenture into 6,807,352 shares of our restricted common stock at a conversion rate of $0.01469 per share, which was the lower of $0.10 or 100% of the lowest closing bid price of our common stock over the 20 trading days preceding the conversion. On February 23, 2007, Yorkville converted $50,000 of its convertible debenture into 3,403,676 of our restricted common stock at a conversion rate of $0.01469 per share, which was the lower of $0.10 or 100% of the lowest closing bid price of our common stock over the 20 trading days preceding the conversion. In March 2007, Yorkville converted $100,000 of its convertible debenture into 7,077,141 shares of our restricted common stock at a conversion rate of $0.01413 per share, which was the lower of $0.10 or 100% of the lowest closing bid price of our common stock over the 20 trading days preceding the conversion. On April 12, 2007, Yorkville converted $100,000 of its convertible debenture into 7,692,308 shares of our restricted common stock at a conversion rate of $0.01413 per share, which was the lower of $0.10 or 100% of the lowest closing bid price of our common stock over the 20 trading days preceding the conversion On April 26, 2007, Yorkville converted $200,000 of its convertible debenture into 14,482,259 shares of our restricted common stock at a conversion rate of $0.01381 per share, which was the lower of $0.10 or 100% of the lowest closing bid price of our common stock over the 20 trading days preceding the conversion. 49 On June 7, 2007, Yorkville converted $200,000 of its convertible debenture into 18,382,353 shares of our restricted common stock at a conversion rate of $0.01088 per share, which was the lower of $0.10 or 100% of the lowest closing bid price of our common stock over the 20 trading days preceding the conversion. On July 13, 2007, Yorkville converted $275,000 of its convertible debenture into 34,375,000 of our restricted common stock at a conversion rate of $0.008 per share, which was the lower of $0.10 or 100% of the lowest closing bid price of our common stock over the 20 trading days preceding the conversion. On August 6, 2007, the company authorized the issuance of 10,000,000 new unrestricted shares pursuant to its 2006 S-8 stock option plan dated May 4, 2007, to counsel for the Company, who provided bona fide legal services to the Company. The services provided were not in connection with the offer of sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the registrant's securities. No one at the law firm is an officer, director, affiliate, or a control person of the Company. On September 7, 2007, Yorkville converted $10,000 of its convertible debenture into 1,926,782 shares of our restricted common stock at a conversion rate of $0.005 per share, which was the lower of $0.10 or 100% of the lowest closing bid price of our common stock over the 20 trading days preceding the conversion. On September 17, 2007, Yorkville converted $230,000 of its convertible debenture into 44,315,992 shares of our restricted common stock at a conversion rate of $0.005 per share, which was the lower of $0.10 or 100% of the lowest closing bid price of our common stock over the 20 trading days preceding the conversion. On October 16, 2007, Yorkville converted $160,000 of its convertible debenture into 31,189,084 shares of our restricted common stock at a conversion rate of $0.005 per share, which was the lower of $0.10 or 100% of the lowest closing bid price of our common stock over the 20 trading days preceding the conversion. On November 7, 2007, Yorkville converted $245,000 of its convertible debenture into 47,758,285 shares of our restricted common stock at a conversion rate of $0.005 per share, which was the lower of $0.10 or 100% of the lowest closing bid price of our common stock over the 20 trading days preceding the conversion. In each case, the securities were issued in connection with private transactions with accredited investors pursuant to Section 4(2) of the Securities Act and regulations promulgated thereunder. Item 4. Submission of Matters to a Vote of Security Holders Special Meeting of Shareholders ------------------------------ On April 30, 2007, the Company held a special meeting of shareholders (the "Special Meeting") to vote on a proposed amendment to the Company's Articles of Incorporation, as amended to date, to increase the authorized capital of the Company to include 1,500,000,000 shares of common stock, and to effectuate a 1.2 shares for one share forward stock split. 50 At the Special Meeting, the voting on the proposal was as follows: 542,960,370 shares voted in favor; 14,724,706 shares voted against; 187,715 shares abstaining; and there were no broker non-votes. Item 5. Other Information Abacas Ventures An explanation of the relationship between CirTran and Abacas Ventures, Inc. is as follows: Two trusts, the Saliba Living Trust and the Saliba Private Annuity Trust (collectively, the "Saliba Trusts"), were investors in Circuit and predecessor entity of CirTran. The trustees of the trusts are Tom and Betty Saliba, and Tom Saliba, respectively. (Tom Saliba is the nephew of the grandfather of Trevor Saliba, a former director of CirTran.) In July 2000, CirTran merged with Circuit. Through that merger, the Saliba Trusts became shareholders of CirTran. The Saliba Trusts are also two of the shareholders of an entity named Abacas Ventures, Inc. ("Abacas"). At the time of the merger, CirTran was in default on several of its obligations, including an obligation to Imperial Bank. The Saliba Trusts, through Abacas, purchased the bank's claim against CirTran to protect their investment in CirTran. Since that time, Abacas has continued to settle debts of CirTran to improve Abacas's position and to take advantage of certain discounts that

creditors of CirTran offered to settle their claims. On two occasions, the Abacas shareholders have agreed to convert outstanding debt owed by CirTran to Abacas into shares of CirTran common stock (discussed below). Abacas continues to work with the company to settle claims by creditors against CirTran, and, on occasion, to provide funding. There can be no assurance that Abacus will agree to convert its existing debt, or any debt it acquires in the future, into shares of CirTran, or that conversions will occur at a price and on terms that are favorable to CirTran. If Abacus and CirTran cannot agree on acceptable conversion terms, Abacus may demand payment of some or all of the debt. If CirTran does not have sufficient cash or credit facilities to pay the amount then due and owing by CirTran to Abacus, Abacus may exercise its rights as a senior secured lender and commence foreclosure or other proceedings against the assets of CirTran. Such actions by Abacus could have a material adverse effect upon CirTran and its ability to continue in business. In January 2002, we entered into an agreement with Abacas under which we issued an aggregate of 19,987,853 shares of common stock to four of Abacas's shareholders in exchange for cancellation by Abacas of an aggregate amount of $1,499,090 in senior debt owed to the creditors by CirTran. The shares were issued with an exchange price of $0.075 per share, for the aggregate amount of $1,500,000. In December 2002, we entered into an agreement with Abacas under which we issued an aggregate of 30,000,000 shares of common stock to four of Abacas's shareholders in exchange for cancellation by Abacas of an aggregate amount of $1,500,000 in senior debt owed to the creditors by CirTran. The shares were issued with an exchange price of $0.05 per share, for the aggregate amount of $1,500,000. During 2002, we entered into a verbal bridge loan agreement with Abacas. This agreement allows CirTran to request funds from Abacas to finance the build-up of inventory relating to specific sales. The loan bears interest at 24% and is payable on demand. There are no required monthly payments. During the years ended December 31, 2004 and 2003, we were advanced $3,128,281 and $350,000, respectively, and made cash payments of $3,025,149 and $875,000, respectively. 51 During the year ended December 31, 2004, Abacas completed negotiations with several vendors of CirTran, whereby Abacas purchased various past due amounts for goods and services provided by vendors, as well as notes payable. The total of these obligations was $1,263,713. We have recorded this transaction as a $1,263,713 non-cash increase to the note payable owed to Abacas, pursuant to the terms of the Abacas agreement. The total principal amount owed to Abacas between the note payable and the bridge loan was $1,530,587 and $163,742 as of December 31, 2004 and 2003, respectively. The total accrued interest owed to Abacas between the note payable and the bridge loan was $430,828 and $230,484 as of December 31, 2004 and 2003, respectively, and is included in accrued liabilities. In March 2005, the shareholders of Abacas agreed to cancel $2,050,000 of principal and accrued interest in return for CirTran issuing 51,250,000 shares of our restricted common stock to certain shareholders of Abacas. No registration rights were granted. As of the date of this Report, no further loans had been made to CirTran from Abacas. As of December 31, 2001, Iehab Hawatmeh had loaned CirTran a total of $1,390,125. The loans were demand loans, bore interest at 10% per annum and were unsecured. Effective January 14, 2002, we entered into four substantially identical agreements with existing shareholders pursuant to which we issued an aggregate of 43,321,186 shares of restricted common stock at a price of $0.075 per share for $500,000 in cash and the cancellation of $2,749,090 principal amount of our debt. Two of these agreements were with the Saliba Private Annuity Trust, one of our principal shareholders, and a related entity, the Saliba Living Trust. The Saliba trusts are also principals of Abacas Ventures, Inc., which entity purchased our line of credit in May 2000. Pursuant to the Saliba agreements, the trusts were issued a total of 26,654,520 shares of common stock in exchange for $500,000 cash and the cancellation of $1,499,090 of debt. We used the $500,000 cash from the sale of the shares for working capital. As a result of this transaction, the percentage of our common stock owned by the Saliba Private Annuity Trust and the Saliba Living Trust increased from approximately 6.73% to approximately 17.76%. Mr. Trevor Saliba, one of our directors and officers, is a passive beneficiary of the Saliba Private Annuity Trust. Pursuant to the other two agreements made in January 2002, we issued an aggregate of 16,666,666 shares of restricted common stock at a price of $0.075 per share in exchange for the cancellation of $1,250,000 of notes payable by two shareholders, Mr. Iehab Hawatmeh (our president, a director and our principal shareholder) and Mr. Rajai Hawatmeh. Of these shares, 15,333,333 were issued to Iehab Hawatmeh in exchange for the cancellation of $1,150,000 in debt. In February 2000, prior to its acquisition of Vermillion Ventures, Inc., a public company, Circuit, while still a private entity, redeemed 680,145 shares (as presently constituted) of common stock held by Raed Hawatmeh, who was a director of Circuit at that time, in exchange for $80,000 of expenses paid on behalf of the director. No other stated or unstated rights, privileges, or agreements existed in conjunction with this redemption. This transaction was consistent with other transactions where shares were offered for cash. In 1999, Circuit entered into an agreement with Cogent Capital

Corporation ("Cogent") a financial consulting firm, whereby Cogent agreed to assist and provide consulting services to Circuit in connection with a possible merger or acquisition. Pursuant to the terms of this agreement, we issued 800,000 (pre-forward split) restricted shares (12,000,000 post-forward split shares) of our common stock to Cogent in July 2000 in connection with our acquisition of the assets and certain liabilities of Circuit. The principal of Cogent was appointed a director of Circuit after entering into the financial consulting agreement and resigned as a director prior to the acquisition of Circuit by Vermillion Ventures, Inc. on July 1, 2000. 52 Also, as of December 31, 2004 CirTran owed I&R Properties, LLC, the previous owner of our principal office and manufacturing facility for unpaid accrued rent and accrued interest. We settled with owed I&R Properties, LLC., on accrued rent and interest of $400,000 by issuing 10,000,000 shares of unregistered common stock in March 2005. Management believed at the time of each of these transactions and continues to believe that each of these transactions were as fair to CirTran as could have been made with unaffiliated third parties. No Change in Nominating Procedures No changes have been made to the procedures by which security holders may recommend nominees to the Company's Board of Directors. On October 22, 2007, Richard Ferrone resigned as the Chief Financial Officer. Iehab Hawatmeh, President of the Company, accepted Mr. Ferrone's resignation. The Company has begun its search for a new Chief Financial Officer. Until such time as a new Chief Financial Officer has been hired, Mr. Hawatmeh will act in the dual roles of President and Chief Financial Officer. 53 Item 6. Exhibits Exhibits: 10.01 Amendment Number 2 to Amended and Restated Investor Registration Rights Agreement, between CirTran Corporation and Cornell Capital Partners, LP, dated January 12, 2007 (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on January 19, 2007, and incorporated here in by reference). (previously filed as an exhibit to the Company's Current Report on Form 10-KSB filed with the Commission on April 16, 2007, and incorporated here in by reference). 10.02 Amendment Number 4 to Investor Registration Rights Agreement, between CirTran Corporation and Cornell Capital Partners, LP, dated January 12, 2007(previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on January 19, 2007, and incorporated here in by reference). (previously filed as an exhibit to the Company's Current Report on Form 10-KSB filed with the Commission on April 16, 2007, and incorporated here in by reference). 10.03 Appointment of Mr. Fadi Nora to the Board of Directors of CirTran Corporation. (previously filed as an exhibit to the Company's Current Report on Form 10-KSB filed with the Commission on April 16, 2007, and incorporated here in by reference). 10.03 Licensing and Marketing Agreement with Arrowhead Industries, Inc. dated February 13, 2007. (previously filed as an exhibit to the Company's Current Report on Form 10-KSB filed with the Commission on April 16, 2007, and incorporated here in by reference). 10.04 Amendment to Employment Agreement for Iehab Hawatmeh, dated January 1, 2007. (previously filed as an exhibit to the Company's Current Report on Form 10-KSB filed with the Commission on April 16, 2007, and incorporated here in by reference). 10.05 Amendment to Employment Agreement for Shaher Hawatmeh, dated January 1, 2007. (previously filed as an exhibit to the Company's Current Report on Form 10-KSB filed with the Commission on April 16, 2007, and incorporated here in by reference). 10.06 Amendment to Employment Agreement for Trevor Saliba, dated January 1, 2007. (previously filed as an exhibit to the Company's Current Report on Form 10-KSB filed with the Commission on April 16, 2007, and incorporated here in by reference). 10.07 Amendment to Employment Agreement for Richard Ferrone dated February 7, 2007. (previously filed as an exhibit to the Company's Current Report on Form 10-KSB filed with the Commission on April 16, 2007, and incorporated here in by reference). 10.10 Assignment and Exclusive Services Agreement with Global Marketing Alliance, LLC, dated April 16, 2007 (previously filed as an exhibit to the Company's' Current Report on Form 8-K filed with the Commission on April 20, 2007, and incorporated herein by reference). 10.11 Employment Agreement for Mr. Sovatphone Ouk dated April 16, 2007 (previously filed as an exhibit to the Company's' Current Report on Form 8-K filed with the Commission on April 20, 2007, and incorporated herein by reference). 54 10.12 Triple Net Lease between CirTran Corporation and Don L. Buehner, dated as of May 4, 2007 (previously filed as an exhibit to the Company's' Current Report on Form 8-K filed with the Commission on May 10, 2007, and incorporated herein by reference). 10.13 Commercial Real Estate Purchase Contract between Don L. Buehner and PFE Properties, L.L.C., dated as of May 4, 2007 (previously filed as an exhibit to the Company's' Current Report on Form 8-K filed with the Commission on May 10, 2007, and incorporated herein by reference). 10.14 Exclusive Manufacturing, Marketing, and Distribution Agreement, dated as of May 25, 2007 (previously filed as an exhibit to the Company's' Current Report on Form 8-K filed with the Commission on June 1, and incorporated herein by reference). 10.15 Exclusive Manufacturing, Marketing, and Distribution Agreement, with Full Moon Enterprises, Inc. dated as of June 8, 2007, pertaining to the Ball Blaster(TM).. 10.16 Case No. 1:06-10076

GM, Court order from; United States Bankruptcy Court, Central District of California, San Fernando Valley Division, for dismissal of adversary proceeding under Rule 7041 of the Federal Rules of Bankruptcy Procedure and Rule 419a)(1) of Federal Rules of Civil Procedure, dated as of July 27, 2007, pertaining to the complaint of Breach of Contract by Advanced Beauty Solutions. 10.17 Waiver of registration filing requirement on first Cornell Debenture and warrants. 10.18 Waiver of registration filing requirement on second Cornell Debenture and warrants. 31 Certification 32 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 55 SIGNATURES In accordance with the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized. CIRTRAN CORPORATION Date: November 14, 2007 By: /s/ Iehab J. Hawatmeh -------------------------------------- Iehab J. Hawatmeh President, Chief Financial Officer (Principal Executive Officer, Principal Financial Officer) 56