

CT HOLDINGS ENTERPRISES INC
Form 10QSB
August 10, 2007

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2007

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: 0-18718

CT HOLDINGS ENTERPRISES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

75-2242792
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

2100 MCKINNEY AVE., SUITE 1500, DALLAS, TEXAS 75201
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)
(214) 750-2452
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

TWO LINCOLN CENTER, SUITE 1600, DALLAS, TEXAS 75240
(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR IF CHANGED SINCE LAST REPORT)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer Non-accelerated filer

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

Class	Outstanding at August 10, 2007
Common Stock, Par value \$.01 per share	2,894,675

Transitional Small Business Disclosure Format Yes No

CT HOLDINGS ENTERPRISES, INC.
FORM 10-QSB
QUARTERLY REPORT
FOR THE QUARTERLY PERIOD ENDED
JUNE 30, 2007

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UNAUDITED BALANCE SHEETS

	JUNE 30, 2007	DECEMBER 31, 2006
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 271	\$ 197
TOTAL ASSETS	\$ 271	\$ 197
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 57,418	\$ 392,681
Advance payable to officer	6,092	46,288
Note payable to shareholder including accrued interest of \$0 and \$7,801	-	16,801
Total current liabilities	63,510	455,770
COMMITMENTS AND CONTINGENCIES		
PREFERRED STOCK, \$0.01 stated value per share; 1,000,000 shares authorized; No shares issued or outstanding		
	-	-
COMMON STOCK, \$0.01 par value per share; 60,000,000 shares authorized; 2,397,264 and 836,370 shares issued and outstanding at June 30, 2007 and December 31, 2006.		
	23,973	8,364
COMMON STOCK, pending issuance (38,572 shares at December 31, 2006)	-	600,000
ADDITIONAL PAID-IN CAPITAL	59,082,536	58,238,845
ACCUMULATED DEFICIT	(59,169,748)	(59,302,782)
Total stockholders' deficit	(63,2389)	(455,573)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 271	\$ 197

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

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CT HOLDINGS ENTERPRISES, INC.
UNAUDITED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED, JUNE 30		SIX MONTHS ENDED JUNE 30,	
	2007	2006	2007	2006
Revenue	\$ -	\$ -	\$ -	\$ -
General and administrative expense	7,117	48,895	69,034	122,560
Stock based compensation expense	-	-	34,800	-
Gain on settlement of liabilities	-	-	-	-
Debt settlement gain	-	(280,359)	(237,281)	(280,359)
Interest expense	-	168,266	413	411,342
Income (loss) before income taxes	(7,117)	63,198	133,034	(253,543)
Provision for income taxes	-	-	-	-
Net income (loss)	\$ (7,117)	\$ 63,198	\$ 133,034	\$ (253,543)
Net income (loss) per share - basic and diluted	\$ 0.00	\$ 0.00	\$ 0.07	\$ 0.00
Weighted average common shares outstanding - basic and diluted	2,397,264	67,245,928	1,920,839	67,245,928

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

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CT HOLDINGS ENTERPRISES, INC.
UNAUDITED STATEMENTS OF CASH FLOWS

	SIX MONTHS ENDE	
	JUNE 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 133,034	\$ (253,543)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Amortization of deferred debt discount	-	250,290
Accrual for litigation and related interest	-	137,951
Gain on settlement of accounts payable	(237,281)	(280,359)
Stock compensation expense	34,800	-
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses	26,518	125,661
Payable to CDSS Wind Down Inc.	-	20,000
NET CASH USED IN OPERATING ACTIVITIES	(42,929)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued to officer for cash advance	36,911	-
Cash advance from officer	6,092	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	43,003	-
Net increase in cash and cash equivalents	74	-
Cash and cash equivalents at the beginning of the period	197	197
Cash and cash equivalents at the end of the period	\$ 271	\$ 197
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:		
Common stock issued to related party for legal services	\$ 15,000	\$ -
Common stock issued to officer to settle advances and notes payable	\$ 63,089	\$ -
Contribution from CDSS to pay legal expenses	\$ 109,500	\$ -
Payment of liability by officer recorded as an advance	\$ -	\$ 20,000

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

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CT HOLDINGS ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE A - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Statements and Basis of Presentation

These unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and in the opinion of management, reflect all adjustments (consisting of normal, recurring adjustments) necessary to present fairly, the financial position, results of operations and cash flows of CT Holdings Enterprises, Inc. ("CT Holdings" or the "Company"). On March 13, 2006 the Company changed its name from CT Holdings, Inc. to CT Holdings Enterprises, Inc.

Some information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted pursuant to rules and regulations promulgated by the Securities and Exchange Commission (the "Commission"). The results of operations for the interim periods shown herein are not necessarily indicative of the results to be expected for any future interim period or for the entire year. These statements should be read together with the audited financial statements and notes thereto included in the Company's Form 10-KSB for the year ended December 31, 2006 on file with the Commission.

Description of Business

CT Holdings provides management expertise including consulting on operations, marketing and strategic planning and a single source of capital to early stage technology companies. The Company was incorporated in Delaware in 1992. The business model is designed to enable the companies with whom the Company acquires or invests to become market leaders in their industries. The strategy over the years has led to the development, acquisition and operation of technology based businesses with compelling valuations and strong business models. The goal is to realize the value of these investments for the Company's shareholders through a subsequent liquidity event such as a sale, merger or initial public offering of the investee companies. However, our business model is constrained by our lack of capital. At June 30, 2007, the Company does not hold any investments and does not have any products or services, customers or revenue, and the Company has no other lines of business.

Liquidity

The Company has incurred recurring operating losses and has a stockholders' deficit at June 30, 2007 of \$63,239. At June 30, 2007 there is a cash balance of \$271 and current liabilities total \$63,510. The Company has limited access to capital at June 30, 2007, no plans to raise capital, and management has not identified sources of capital at June 30, 2007. Past funding needs of the business have been provided by financings through notes payable, cash advances and additional investments from related parties, including the Company's CEO and CITN Investment Inc ("CII"), an affiliate of the Company's CEO, however there can be no assurance that such funds will be available from these related parties in the future. The Company has been and continues to be dependent upon outside financing to perform its business development activities, make investments in new technology companies and to fund operations.

Reverse Stock Split

On February 14, 2007 our shareholders approved a proposal to amend the Company's Certificate of Incorporation to combine shares of the Company's common stock to effect a one for 70 reverse stock split. A 1 for 70 reverse stock split would make available sufficient authorized shares of common stock to settle commitments to issue shares and to

potentially facilitate a corporate transaction such as a merger or financing. Corporate transactions of this nature could improve liquidity, however there can be no assurance that the Company will enter into any corporate transaction to improve liquidity. The effect of this reverse split has been reflected in all share data for all periods presented.

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The Company will continue to require working capital to fund operating expenses. At June 30, 2007, the Company has not identified sources of capital nor does the Company have any plans to raise sufficient amounts of capital to settle liabilities or to fund business development activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Net Income (Loss) per Common Share

Basic net income (loss) per common share is computed by dividing net income (loss) to common shareholders by the weighted average number of shares of common stock outstanding during the period.

Included in the weighted average number of common shares outstanding for the three and six months ended June 30, 2006 are 38,571 shares that would have been issued when a shareholder exercised his right to convert a note payable to common stock and 85,714 shares that would have been issued to the Company's CEO when he exercised his right to exchange Parago shares for CT Holdings' shares if the Company had the available authorized shares. These shares have been included in the computation for the date that they would have been issued. The effect of stock options for 41,679 shares of common stock outstanding at June 30, 2006 have been excluded from the weighted average shares computation as they are antidilutive. The Company had no common stock equivalents at June 30, 2007; therefore, for the three and six month periods ended June 30, 2007, diluted earnings per share are the same as basic earnings per share.

Income Taxes

In January 2007, the Company adopted the Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109" (FIN 48). This Interpretation clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements. FIN 48 requires companies to determine whether it is "more likely than not" that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement and classification of income tax uncertainties, along with any related interest and penalties. The Company did not recognize any adjustments to our financial statements as a result of our implementation of FIN 48.

NOTE B – RELATED PARTY TRANSACTIONS

On March 2, 2007, the CEO exercised a right to acquire 250,000 shares of common stock for providing up to \$100,000 of cash for working capital purposes. At December 31, 2006, the CEO had advanced the Company \$46,288 against the \$100,000 commitment and at March 31, 2007, \$6,408 remained available under his commitment due to the Company. This amount was received by the Company subsequent to March 31, 2007. On March 9, 2007, in recognition of service to the Company, Mr. Economou, a director, was awarded 40,000 shares of common stock, Mr. Rogers, a director, was awarded 40,000 shares of common stock, Mr. Sawallich, a director, was awarded 20,000 shares of common stock, and Mr. Connelly, former Chief Financial Officer, was awarded 10,000 shares of common stock. During the first quarter of 2007, the Company issued 50,000 shares to a law firm in which the CEO's brother-in-law is a partner, in exchange for a reduction in accrued legal expenses of \$15,000. The Company also issued 5,000 shares each to two consultants. The Company recorded stock based compensation expense in the amount

of \$34,800 related to these issuances.

Also on March 2, 2007, following the effectiveness of the 1 for 70 reverse stock split, the 85,715 unissued shares related to a previously exercised option were issued to the CEO, 38,572 shares of common stock related to the conversion of a note payable to a shareholder were issued to the shareholder and 1,014,286 shares were issued to CII for an option exercised by CII.

Pursuant to the terms of the transition services agreement with CDSS until its termination in December 2006, the Company agreed to pay CDSS \$10,000 per quarter (reduced in July 2005 from \$7,500 per month) for the services of its CEO, CFO and accounting and information management staff, as well as office rent and indirect overhead expenses. No amount was owed at March 31, 2007 because all amounts owed under the transition services agreement were released on December 4, 2006 pursuant to the Agreement discussed above.

During the three months ended March 31, 2007, CDSS paid \$109,500 in legal expenses on behalf of the Company. The \$109,500 has been recorded as a contribution from CDSS.

On June 30, 2007, the Company received a cash advance from its CEO of approximately \$6,000 for the purpose of paying various vendors.

On August 7, 2007, the Company issued 500,000 shares of restricted common stock to Steven B. Solomon, the Company's Chief Executive Officer, in connection with his services to the Company and further advances of funds. The Company issued the restricted common stock in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, pursuant to a transaction to one accredited investor not involving any public offering.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NOTE C – SUBSEQUENT EVENT

The following discussions should be read in conjunction with our audited financial statements and related notes included in our Annual Report on Form 10-KSB for the year ended December 31, 2006. Our year ends on December 31, and each of our quarters end on the final day of a calendar quarter (March 31, June 30, and September 30). The following discussions contain forward-looking statements. Please see Cautionary Statement Regarding Forward-Looking Statements and Risk Factors for a discussion of uncertainties, risks and assumptions associated with these statements.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report on Form 10-QSB contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. CT Holdings Enterprises, Inc. ("CT Holdings" or the "Company") bases these forward-looking statements on its expectations and projections about future events, which CT Holdings has derived from the information currently available to it. In addition, from time to time, CT Holdings or its representatives may make forward-looking statements orally or in writing. Furthermore, forward-looking statements may be included in T Holdings' filings with the Securities and Exchange Commission or press releases or oral statements made by or with the approval of one of CT Holdings' executive officers. For each of these forward-looking statements, CT Holdings' claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to future events or CT Holdings' future performance, including but not limited to:

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• possible or assumed future results of operations;
 • future revenue and earnings; and
 • business and growth strategies.

Forward-looking statements are those that are not historical in nature, particularly those that use terminology such as may, could, will, should, likely, expects, anticipates, contemplates, estimates, believes, plans, projected, predicts, potential or continue or the negative of these or similar terms. The statements contained in this Report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the Company’s expectations, beliefs, intentions or strategies regarding the future. Forward-looking statements are subject to certain known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed in any forward-looking statements. These risks and uncertainties include, but are not limited to, the following important factors with respect to CT Holdings:

• the uncertainty of general business and economic conditions;
 • the financial performance of our investments;
 • adverse developments, outcomes and expenses in legal proceedings; and
 • those described under Risk Factors included in this document.

Forward-looking statements are only predictions as of the date they are made and are not guarantees of performance. All forward-looking statements included in this document are based on information available to CT Holdings on the date of this Report on Form 10-QSB. Readers are cautioned not to place undue reliance on forward-looking statements. The forward-looking events discussed in this Report on Form 10-QSB and other statements made from time to time by CT Holdings or its representatives may not occur, and actual events and results may differ materially and are subject to risks, uncertainties and assumptions about CT Holdings including without limitation those discussed elsewhere in this Form 10-QSB under the heading Risk Factors as well as those discussed elsewhere in this Form 10-QSB, and the risks discussed in our Securities and Exchange Commission filings. Except for their ongoing obligations to disclose material information as required by the federal securities laws, CT Holdings is not obligated to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Report on Form 10-QSB and in other statements made from time-to-time by CT Holdings or its representatives might not occur.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Any of the following risks could materially adversely affect our business, operating results and financial condition and could result in a complete loss of your investment.

In addition to the other information in this Report, the following factors should be considered carefully in evaluating the Company and its business. This disclosure is for the purpose of qualifying for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. It contains factors that could cause results to differ materially from such forward-looking statements. These factors are in addition to any other cautionary statements, written or oral, which may be made or referred to in connection with any such forward-looking statement.

The following matters, among other things, may have a material adverse effect on the business, financial condition, liquidity, or results of operations of the Company. Reference to these factors in the context of a forward-looking statement or statements shall be deemed to be a statement that any one or more of the following factors may cause actual results to differ materially from those in such forward-looking statement or statements. Before you invest in

our common stock, you should be aware of various risks, including those described below. Investing in our common stock involves a high degree of risk. You should carefully consider these risk factors, together with all of the other information included in this Report, before you decide whether to purchase shares of our common stock. Our business and results of operations could be seriously harmed by any of the following risks. The trading price of our common stock could decline due to any of these risks, and you may lose part or all of your investment.

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GENERAL RISKS

WE HAVE RECEIVED A GOING CONCERN REPORT FROM OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, HAVE A HISTORY OF NET LOSSES AND WILL NEED ADDITIONAL FINANCING TO CONTINUE AS A GOING CONCERN.

We have received a report from our independent registered public accounting firm for our year ended December 31, 2006 containing an explanatory paragraph that describes the uncertainty regarding our ability to continue as a going concern. Although we had a significant gain for the year ended December 31, 2006, we have a history of recurring operating losses and have a significant working capital deficiency at June 30, 2007 of \$63,239. We had a cash balance of \$271 at June 30, 2007 and current liabilities total approximately \$63,510. We have limited access to capital, no plans to raise capital, and we have not identified sources of capital at June 30, 2007. Our past funding needs of the business have been provided by financings through short-term notes payable and additional investments from related parties, including our CEO and CII, an entity of which our CEO is an officer, director and 50% shareholder, however there can be no assurance that such funds will be available from these related parties in the future. The Company has been and continues to be dependent upon outside financing to perform its business development activities, make investments in new technology companies and to fund operations.

OUR CEO AND HIS AFFILIATES CONTROL A MAJORITY OF OUR VOTING SHARES.

On February 14, 2007 our shareholders approved a proposal to amend the Company's Certificate of Incorporation to combine shares of the Company's common stock to effect a one for 70 reverse stock split. A 1 for 70 reverse stock split would make available sufficient authorized shares of common stock to settle commitments to issue shares and to potentially facilitate a corporate transaction such as a merger or financing. Following the reverse stock split and the issuance of shares that we were previously unable to issue due to the limited number of authorized shares, our CEO and his affiliates control a majority of the voting power of our common stock and may effect corporate transactions even if our other shareholders are opposed to such transactions. Corporate transactions of this nature could improve liquidity, however there can be no assurance that the Company will enter into any corporate transaction to improve liquidity.

OUR BUSINESS FOCUS IS THE DEVELOPMENT AND ACQUISITION OF EARLY STAGE COMPANIES; HENCE, WE WILL ENCOUNTER NUMEROUS RISKS ASSOCIATED WITH OUR BUSINESS FOCUS AND OUR PRIOR OPERATING HISTORY MAY NOT BE A MEANINGFUL GUIDE TO EVALUATING OUR FUTURE PERFORMANCE.

Our business model has been designed to enable the companies in whom we invest or acquire to become market leaders in their industries. Our strategy over the years has led to the development, acquisition and operation of technology based businesses with strong business models and compelling valuations. We believe that the anticipated growth in technology creates strong opportunities for us to increase shareholder value by investing in early stage ventures well positioned for growth in their respective marketplaces. Our business strategy seeks to increase the value of each investee by providing management, marketing and financial expertise along with financial capital and then realize this new value through a subsequent liquidity event such as a sale, merger or initial public offering of the investee companies. However, the impact of any advice and expertise may be limited due to a lack of a significant ownership percentage in any of our investees and the lack of available capital.

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We have a limited history in executing our business strategy. As a consequence, our prior operating history may not provide a meaningful guide to our prospects in emerging markets. Moreover, our business model and prospects must be considered in light of the risk, expense and difficulties frequently encountered by companies in early stages of development, particularly companies in new and rapidly evolving markets. We may be unable to execute our strategy of developing our business due to numerous risks, including the following:

- We may be unable to identify or develop relationships with emerging companies.
- Any companies that we are able to attract may not succeed and the value of our assets and the price of our common stock could consequently decline.
- Our business model is unproven and depends on the willingness of companies to participate in our business development model and collaborate with each other and us.
 - Our expenses may increase as we build the infrastructure necessary to implement this model.
- We face competition from other incubators, some of which are publicly-traded companies, venture capital companies and large corporations; many of these competitors have greater financial resources and brand name recognition than we do, which may make it difficult for us to effectively compete.
- We will require additional capital resources in order to implement our business model and we may not be able to obtain these resources on attractive terms, if at all.

CT HOLDINGS HAS BEEN UNABLE TO OPERATE PROFITABLY.

Historically, businesses and technologies in which we have invested were not controlled by us and as such we have been unable to rely on the investee company businesses for a source of cash flow, earnings, assets or capital. There can be no assurance that CT Holdings will be able to successfully put in place the financial, administrative and managerial structure necessary to continue to operate as an independent public company, or that the development of such structure will not require a significant amount of management's time and other resources.

OUR STOCK IS TRADED IN THE OVER THE COUNTER MARKET.

Our common stock trades on the OTC Bulletin Board. The OTC Bulletin Board is generally considered to be a less efficient market, and our stock price, as well as the liquidity of our common stock, may be adversely impacted as a result. The OTC Bulletin Board requires that listed companies remain current in their filings with the Securities and Exchange Commission. If we are unable to remain current in our SEC filings, due to lack of funds or personnel or otherwise, we could be delisted from the OTC Bulletin Board, and our stock would trade, if at all, on the pink sheets.

MEMBERS OF OUR BOARD OF DIRECTORS MAY HAVE INTERCOMPANY CONFLICTS OF INTEREST AFTER OUR SPIN-OFF.

Members of the board of directors and management of CT Holdings own shares of both CDSS Wind Down Inc. ("CDSS"), formerly known as Citadel Security Software Inc., and CT Holdings common stock. Following the spin-off, three of the four directors of CT Holdings became directors of CDSS, and the Chief Executive Officer of CT Holdings also serves as Chief Executive Officer of CDSS. The assets of CDSS were sold in December 2006 and since the sale CDSS has been in the process of settling liabilities and winding down its remaining operations prior to its liquidation. These relationships could create, or appear to create, potential conflicts of interest when our directors and executives are faced with decisions that could have different implications for CDSS and CT Holdings. The appearance of conflicts, even if such conflicts do not materialize, might adversely affect the public's perception of CT Holdings.

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OUR EARNINGS AND STOCK PRICE ARE SUBJECT TO SIGNIFICANT FLUCTUATIONS.

Due to the factors noted in this Report, our earnings and stock price have been and may continue to be subject to significant volatility, particularly on a quarterly basis. We have experienced no revenue or earnings which have had an immediate and significant adverse effect on the trading price of our common stock. This may occur again in the future.

CHANGES IN TAX LAWS OR UNANTICIPATED TAX ASSESSMENTS COULD AFFECT OUR FUTURE FINANCIAL RESULTS.

Future changes in tax laws or their interpretation and application, tax rates or the results of tax examinations could favorably or unfavorably affect the valuation of our deferred tax assets and liabilities. In addition, we are subject to the examination of our income, franchise, sales and use, property and other tax returns by federal, state and local tax authorities. We routinely assess the likelihood of adverse outcomes that may result from an examination of our tax returns to determine the adequacy of any provisions for taxes and the valuation of our deferred tax assets and liabilities. There can be no assurance that the outcomes from any future examinations by taxing jurisdictions will not have an adverse effect on our operating results, cash flow and financial condition of the Company.

CANCELLATION OF CERTAIN AGREEMENTS WITH CDSS AS A RESULT OF THE SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF CDSS IN DECEMBER 2006 COULD REQUIRE US TO INCUR HIGHER COSTS AND CASH OUTLAYS.

In May 2002, we entered into several agreements with CDSS to define our ongoing relationship after the spin-off distribution and to allocate tax and other specified liabilities and obligations arising from periods prior to the distribution date. We entered into these agreements prior to the distribution while CDSS was a wholly owned subsidiary of CT Holdings. As a condition of the sale of the assets of CDSS in December 2006 these agreements were terminated.

CT Holdings and CDSS had entered into a transition services agreement with CT Holdings. This agreement provides that CT Holdings and CDSS will provide each other services in such areas as information management and technology, sharing of office space, personnel and indirect overhead expenses, employee benefits administration, payroll, financial accounting and reporting, claims administration and reporting, and other areas where CT Holdings and CDSS may need transitional assistance and support. The cancellation of this agreement means that CT Holdings will need to obtain other sources of these services for which the cost of such services may be greater than the \$10,000 per quarter fee that CT Holdings was charged by CDSS. In addition due to the lack of access to cash CT Holdings may not be able to obtain these services.

In addition, CT Holdings and CDSS entered into a tax disaffiliation agreement which set out each party's rights and obligations with respect to deficiencies and refunds, if any, of federal, state, local or foreign taxes for periods before and after the Distribution Date and related matters such as the filing of tax returns and the conduct of Internal Revenue Service and other audits. Under the tax disaffiliation agreement, CDSS would have indemnified CT Holdings for all taxes and liabilities incurred as a result of CDSS's or an affiliate's post-distribution action or omission contributing to an Internal Revenue Service determination that the distribution was not tax-free. CT Holdings would have indemnified CDSS for all taxes and liabilities incurred solely because CT Holdings or an affiliate's post-distribution action or omission contributes to an Internal Revenue Service determination that the distribution was not tax-free. If the Internal Revenue Service determined that the distribution was not tax-free for any other reason, CT Holdings and CDSS would have indemnified each other against all taxes and liabilities pro rata based on relative values as of the distribution date. Also, CDSS would have indemnified CT Holdings against any taxes resulting from any internal

realignment undertaken to facilitate the distribution on or before the distribution date. Upon cancellation of the tax affiliation agreement the cross indemnification provisions of this agreement were cancelled and should any of these actions arise, CT Holdings would be required to settle any tax liabilities resulting from such actions.

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IF WE LOSE THE SERVICES OF ANY OF OUR KEY PERSONNEL, INCLUDING OUR CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER OR OUR DIRECTORS, OUR BUSINESS MAY SUFFER.

We are dependent on our key officers, including Steven B. Solomon, our Chairman and Chief Executive Officer, and acting Chief Financial Officer, and our directors. Our business could be negatively impacted if we were to lose the services of one or more of these persons.

OUR BUSINESS

CT Holdings Enterprises, Inc. provides management expertise and sources of capital to early stage companies. We were incorporated in Delaware in 1992. On March 13, 2006 the Company changed its name to CT Holdings Enterprises, Inc. Our business model is designed to enable the companies in which we invest or acquire to become market leaders in their industries. Our strategy is expected to lead to the development, acquisition and operation of technology based businesses with compelling valuations and strong business models. We believe that the anticipated growth in technology creates strong opportunities for us to increase shareholder value by investing in well-positioned early stage ventures. Our goal is to realize the value of our investments for our shareholders through a subsequent liquidity event such as a spin-off, sale, merger or initial public offering of the investee companies.

At June 30, 2007 our lack of available capital has limited our ability to raise sufficient capital to invest in additional companies and technologies that could offer us and our shareholders a reasonable rate of return on their investment in the foreseeable future. We expect that if and when capital becomes available to us, we may continue our business development and investment activities, however there can be no assurance that any capital will be available to us. Until such time as capital becomes available the Company's business activities will be limited to reviewing investment opportunities and filing of compliance documents.

RESULTS OF OPERATIONS FOR THREE AND SIX MONTHS ENDED JUNE 30, 2007 AS COMPARED WITH THE YEAR ENDED JUNE 30, 2006

Our operations consist of costs and expenses for the activities to identify additional technologies and companies in which we might invest, as well as legal defense costs and costs associated with SEC reporting. We do not generate any revenue.

GENERAL AND ADMINISTRATIVE EXPENSES

During the three and six months ended June 30, 2007 general and administrative expenses were \$7,117 and \$69,034, respectively. This compares to \$48,895 and \$122,560, respectively, for the three and six month periods ending June 30, 2006. General and administrative expenses declined \$41,778, or 85%, and \$53,526, or 44%, for the three and six month periods, respectively, primarily due to lower legal and other professional fees. The Company had \$34,800 of stock compensation expense for the six month period ending June 30, 2007 versus none in the comparable period in 2006. The Company also realized a \$237,281 gain on settlement of accounts payable in the first six months of 2007.

INTEREST EXPENSE

We had no interest expense during the three month period ended June 30, 2007 and \$413 during the six month period ended June 30, 2007 compared to \$168,266 and \$411,342, respectively, in 2006. Interest expense during the first two quarters of 2007 was not significant because the litigation accrual, advances and notes payable to officers and shareholders, the demand note payable to Citadel and the convertible note payable to CITN Investment Inc. ("CII") which, collectively, generated interest expense in the first two quarters of 2006 were no longer outstanding during the

three and six month periods ending June 30, 2007.

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LIQUIDITY AND CAPITAL RESOURCES

We received a report from our independent registered public accounting firm for our year ended December 31, 2006 containing an explanatory paragraph that describes the uncertainty regarding our ability to continue as a going concern due to our recurring operating losses and our significant working capital deficiency. Historically, we have incurred recurring operating losses and have a stockholders' deficit at June 30, 2007 of approximately \$63,239. We had a cash balance of \$271 at June 30, 2007 and current liabilities total approximately \$63,510. We have limited access to capital, no plans to raise capital and we have not identified sources of capital at June 30, 2007. Our past funding needs of the business have been provided by financings through short-term notes payable and additional investments from related parties, including our CEO and CII, however there can be no assurance that such funds will be available from these related parties in the future. The Company has been and continues to be dependent upon outside financing to perform its business development activities, make investments in new technology companies and to fund operations.

Our plans to continue to support and expand our business development activities are limited due to a lack of identification and availability of near term capital. As a result, it is unlikely that the implementation of the Company's business strategy will generate positive cash flow in the foreseeable future. We have no plans at June 30, 2007 to raise additional capital to invest in new business opportunities.

There can be no assurance that management's plans will be successful or what other actions may become necessary. There can be no assurance that the Company will ever achieve liquidity for its investments. Until we are able to create liquidity from an additional inflow of new capital, we will continue to require external sources of working capital to fund our operating expenses. Our inability to raise capital could have a material adverse effect on our business and operations that could be material to our results of operations.

Cash Used in Operating Activities

The net cash used in operating activities was approximately \$43,000 for the six months ended June 30, 2007 resulting from a net profit of approximately \$133,000 offset by non-cash charges of approximately \$202,000, plus a net change in operating liabilities of approximately \$27,000.

Cash Provided by Financing Activities

Net cash provided by financing activities was approximately \$43,000 consisting primarily of shares issued to the CEO for an advance made to the Company.

CONTRACTUAL OBLIGATIONS

There are no notes payable, other long-term debt obligations, capital lease obligations, operating lease obligations or long-term capital purchase commitments at June 30, 2007.

ITEM 3. CONTROLS AND PROCEDURES

The Company's management, including the Company's principal executive and financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13(a) - 15(e) and 15(d) - 15(e) under the Securities Exchange Act of 1934) as of the six months ended June 30, 2007, the period covered by the Form 10-QSB. Based upon that evaluation, the Company's principal executive and financial officer have concluded that the disclosure controls and procedures were effective as of June 30, 2007 to provide reasonable assurance that information required to be disclosed on the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the Commission's rules and forms and that information

required to be disclosed in the reports the Company files or submits is accumulated and communicated to management including the CEO / CFO, as appropriate to allow timely decisions regarding required disclosures. There were no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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INHERENT LIMITATION ON THE EFFECTIVENESS OF INTERNAL CONTROLS

The effectiveness of any system of internal control over financial reporting, including CT Holdings', is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, including CT Holdings', can only provide reasonable, not absolute assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS

EXHIBIT

NUMBER DESCRIPTION

31.1 Certification of Principal Executive Officer and Principal Financial Officer, filed herewith.

32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Quarterly Report on Form 10-QSB to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 10, 2007

CT HOLDINGS ENTERPRISES, INC.

By: /s/ STEVEN B. SOLOMON
Steven B. Solomon, President and Chief Executive Officer
(Duly Authorized Signatory and Principal Executive
Officer and Acting Principal Accounting and Financial
Officer)