

GRIFCO INTERNATIONAL, INC.

**2507 N. FRAZIER STREET
SUITE 410
CONROE, TX 77303
936-788-5994 (TEL)
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WWW.GRIFCO.ORG**

July 24, 2007

Dear Grifco International, Inc. Stockholder:

We are pleased to inform you that on May 25, 2007, the Board of Directors of Grifco International, Inc., approved the spin-off of Coil Tubing Technology, Inc., as a wholly-owned subsidiary of Grifco.

The spin-off of Coil Tubing has been effectuated by way of a pro rata dividend to Grifco's stockholders. Each Grifco stockholder participating in the distribution will be entitled to receive a dividend of 1.89 shares of Coil Tubing common stock for every share of Grifco common stock held at 5:00 p.m., New York City time, on May 1, 2006, which is the record date of the spin-off. The dividend will be paid by book entry form to the accounts of holders of record. No fractional shares of Coil Tubing common stock will be issued. If you would be entitled to a fractional share of Coil Tubing common stock in the distribution, you will receive the next whole share.

Following the spin-off, you will own shares in both Grifco and Coil Tubing. Grifco common stock will continue to trade on the Pink Sheets under the symbol "GFCI." Coil Tubing's common stock will continue to trade on the Pink Sheets under the symbol "CTBG."

The information statement was prepared by Grifco with information provided by Coil Tubing. The information statement, which is being made publicly available on PinkSheets.com, describes the spin-off in detail and contains important information about Coil Tubing, including the financial statements of its operating subsidiaries.

We look forward to your continued support as a stockholder in both Grifco and Coil Tubing.

Sincerely,

/S/ Jim Dial

Jim Dial
Chief Executive Officer

Coil Tubing Technology, Inc.



July 24, 2007

Dear Coil Tubing Technology, Inc. Stockholder:

It is my pleasure to welcome you as a stockholder of Coil Tubing Technology, Inc. We believe we are one of the world's premiere designers and manufacturers of downhole tools in the oil and gas industry.

As a separate publicly-traded company, Coil Tubing will continue to design and manufacture the highest quality tools for our clients.

Our common stock currently trades on the Pink Sheets under the symbol "CTBG."

I invite you to learn more about Coil Tubing by reviewing the enclosed information statement. We look forward to our future as a separate publicly-traded company and to your support as a holder of Coil Tubing common stock.

Sincerely,

/s/ Jerry Swinford
Jerry Swinford
President

INFORMATION STATEMENT

75,000,000 SHARES OF COIL TUBING TECHNOLOGY COMMON STOCK

**SPIN-OFF OF COIL TUBING TECHNOLOGY, INC.
THROUGH THE DISTRIBUTION BY
GRIFCO INTERNATIONAL, INC.
TO ITS COMMON SHAREHOLDERS**

This information statement is being furnished in connection with the distribution by Grifco International, Inc., a publicly owned Nevada corporation ("Grifco") to its shareholders, of 75,000,000 shares of common stock of Coil Tubing Technology, Inc., a publicly owned Nevada corporation ("Coil Tubing"), par value \$0.001 per share. Coil Tubing is a majority-owned subsidiary of Grifco. To implement the distribution, Grifco will distribute 75,000,000 shares of our common stock it holds on a pro rata basis to the holders of Grifco common stock participating in the distribution as of May 1, 2006 (the "Record Date"). Each of you, as a holder of Grifco common stock, will receive 1.89 shares of Coil Tubing common stock for each share of Grifco common stock that you held at the close of business on May 1, 2006, the record date for the distribution. Immediately after the distribution is completed, Coil Tubing will be a separate, publicly-traded company.

No vote of Grifco shareholders is required in connection with this distribution. We are not asking you for a proxy and you are requested not to send us a proxy.

No consideration is to be paid by Grifco shareholders in connection with this distribution. Grifco shareholders will not be required to pay any consideration for the shares of our common stock they receive in the distribution, and they will not be required to surrender or exchange shares of their Grifco common stock or take any other action in connection with the distribution.

Seventy-Five Million shares of our common stock are currently owned by Grifco. Accordingly, there is only a limited public trading market for our common stock which trades on the Pink Sheets under the symbol "CTBG."

In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 7 of this information statement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of any of the securities of Coil Tubing Technology, Inc. or determined whether this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is July 24, 2007.

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SUMMARY

This summary highlights information contained elsewhere in this information statement and provides an overview of our company and the material aspects of our spin-off from Grifco. You should read this entire information statement carefully, especially the risk factors discussed beginning on page 7 and the financial statements of our operating subsidiaries and notes to those statements appearing elsewhere in this information statement. References in this information statement to (i) “Coil Tubing,” “we,” “our” and “us” refer to Coil Tubing Technology, Inc. and its consolidated subsidiaries and (ii) “Grifco” refers to Grifco International, Inc. and its consolidated subsidiaries (other than us), unless the context otherwise requires.

References in this information statement to our historical assets, liabilities, products, businesses or activities of our business are generally intended to refer to the historical assets, liabilities, services, businesses or activities of the transferred businesses as the businesses were conducted as a part of Grifco and its subsidiaries prior to the distribution. Following the distribution, we will be a separate publicly-traded company and Grifco will have no continuing stock ownership in us.

Questions and Answers about Coil Tubing and the Spin-Off

Why is Grifco separating Coil Tubing and distributing its stock?

The board of directors of Grifco has determined that the separation of Coil Tubing from Grifco is in the best interests of Grifco, its stockholders and Coil Tubing, by providing each company with certain opportunities and benefits, such as:

The spin-off will permit the independent management of each of Grifco and Coil Tubing to focus our respective attention and financial resources on its respective distinct business and business challenges and to lead each independent company to adopt strategies and pursue objectives that are appropriate to its respective business.

Both Coil Tubing and Grifco expect to have better access to the equity capital markets in connection with acquisitions and financings after the separation as our investors will not be forced to understand and make investment decisions with respect to Grifco's business and Grifco's investors will not be forced to understand and make investment decisions with respect to our business.

Why is the separation of the two companies structured as a spin-off?

Grifco believes that a tax-free distribution of shares in Coil Tubing offers Grifco and its stockholders long-term value in a tax efficient way to separate the companies.

How will the separation and distribution work?

The spin-off and distribution will be accomplished through a distribution to Grifco's shareholders of all of the shares of our common stock that Grifco holds, which will be distributed to its stockholders on a pro rata basis.

What do stockholders need to do to participate in the distribution?

Nothing. You are not required to take any action to receive Coil Tubing common stock in the distribution, although we urge you to read this entire document carefully. You do not need to mail in Grifco common stock certificates to receive Coil Tubing common stock. No stockholder approval of the distribution is required or sought. We are not asking you for a proxy and you are requested not to send us a proxy. You will not be required either to pay anything for the new shares or to surrender any shares of Grifco common stock. If you owned Grifco common stock as of May 1, 2006, 5:00 p.m., New York City time, the shares you are entitled to receive in the distribution will be delivered to your brokerage account.

When will the distribution occur?

The distribution has occurred as of the date of this Information Statement to holders of record of Grifco common stock at 5:00 p.m., New York City time, on May 1, 2006, the Record Date.

Does Coil Tubing plan to pay dividends?

No. We do not expect to pay any cash dividends in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of our board of directors in accordance with applicable law.

What are the U.S. federal income tax consequences of the distribution to Grifco stockholders?

The spin-off has been designed as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"). Assuming the spin-off so qualifies, for U.S. federal income tax purposes, no gain or loss will be recognized by you, and no amount will be included in your income, upon the receipt of shares of our common stock pursuant to the spin-off.

What will the relationship between Grifco and Coil Tubing be following the distribution?

After the distribution, Grifco will not own any shares of our common stock and we will not own any shares of Grifco common stock. None of our directors will be officers or directors of Grifco.

Will the number of Grifco shares I own change as a result of the distribution?

No. The number of shares of Grifco common stock you own will not change as a result of the distribution.

What will happen to the listing of Grifco common stock?

Nothing. Grifco common stock will continue to be quoted on the Pink Sheets under the symbol of "GFCI."

Will the distribution affect the market price of my Grifco shares?

Yes. As a result of the distribution, we expect the trading price of Grifco shares immediately following the distribution to be lower than immediately prior to the distribution because the trading price should no longer reflect the value of the Coil Tubing business. Furthermore, until the market has fully analyzed the operations of Grifco without Coil Tubing's business, the price of Grifco shares may fluctuate significantly. In addition, the combined trading prices of Grifco common stock and Coil Tubing common stock after the distribution may be less than the trading price of Grifco common stock prior to the distribution.

Are there risks to owning Coil Tubing common stock?

Yes. Our business is subject both to general and specific business risks relating to our business, our relationship with Grifco and our being a separate publicly-traded company, as well as risks related to the nature of the spin-off transaction itself. These risks are described in the "Risk Factors" section of this information statement beginning on page 7. We encourage you to read that section carefully.

Where can Grifco stockholders get more information?

If you have any questions relating to the distribution, you should contact:

Grifco International, Inc.
Investor Relations
2507 North Frazier, Suite 410
Conroe, Texas 77303
Tel: (936) 788-5994
Fax: (936) 788-6667
www.grifco.org

After the distribution, if you have any questions relating to our common stock, you should contact:

Coil Tubing Technology, Inc.
Investor Relations
19511 Wied Road, Suite E
Spring, Texas 77388
Tel: (281) 651-0200
Fax:(281) 288-0400

**Who will be transfer agent
and registrar for our
common stock?**

Interwest Transfer Company, Inc.
1981 East Murray Holladay Road, Suite 100
Salt Lake City, Utah 84117
Tel: (801) 272-9294
Fax: (801) 277-3147

SUMMARY OF THE SPIN-OFF

The following is a brief summary of the terms of the distribution:

Distributing company	Grifco International, Inc. After the spin-off, Grifco will not own any shares of our capital stock.
Distributed company	Coil Tubing, Inc. is currently a majority-owned subsidiary of Grifco. After the spin-off, Coil Tubing will be a separate, publicly-traded company.
Securities to be distributed	75,000,000 Shares of Coil Tubing common stock, which will constitute approximately 65% of the outstanding shares of our common stock immediately after the distribution.
Distribution ratio	Each holder of Grifco common stock participating in the spin-off will be entitled to receive a dividend of 1.89 shares of our common stock for every share of Grifco common stock held on the record date.
Fractional shares	Fractional shares of our common stock will not be distributed. In lieu of fractional shares of our common stock, distributions will be rounded up to the next whole share.
Record date	The record date of the spin-off is May 1, 2006.
Tax consequences to stockholders	The spin-off has been structured as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Assuming the spin-off so qualifies, for U.S. federal income tax purposes, no gain or loss will be recognized by, and no amount will be included in the income of, a holder of Grifco common stock upon the receipt of shares of our common stock pursuant to the spin-off.
Anti-takeover effects	Some provisions of our Articles of Incorporation, our bylaws, and Nevada law may have the effect of making more difficult an acquisition of control of us in a transaction not approved by our board of directors.

Our Relationship with Grifco International, Inc.

On March 20, 2005, Grifco International, Inc. acquired all of the issued and outstanding capital stock of Coil Tubing Technology Holdings, Inc., a Nevada corporation (“CTT Holdings”), in exchange for cash in the amount of \$310,000,000 and shares of Grifco’s Common Stock. In November, 2005, in order to commence CTT Holdings’ existence as a separate, publicly owned company away from Grifco, Grifco consummated a share exchange on behalf of CTT Holdings with IPMC Holdings Corp., a publicly owned Florida corporation (“IPMC”) whose common stock traded on the Pink Sheets under the Symbol “IPMC.” Pursuant to the terms of the exchange Grifco transferred all of the issued and outstanding capital stock of CTT Holdings to IPMC in exchange for 75,000,000 newly issued shares of IPMC’s common stock. Following the exchange, IPMC’s domicile was changed to Nevada, its name was changed to Coil Tubing Technology, Inc. and its symbol changed to “CTBG.”

Corporate Information and Structure

We were originally incorporated in Florida on October 4, 1998 as BC Insurance Services, Inc. and changed our name to PCC Venture Corp. on May 18, 1998. On September 2, 1998 the Company entered into a reverse merger share exchange agreement with Access Health Max, Inc. pursuant to which the name of the Company was changed to Access Health Max Holdings, Inc. On November 21, 2001 the Company filed a voluntary petition for protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court, Middle District of Florida. Pursuant to the Company’s Plan of Reorganization it merged with and became International Paintball Manufacturing Corp. and as of April, 2002 became a fully operational manufacturer of paintball and related products and continued with its plan of operations until its exchange with Grifco and operated for a number of years as a manufacturer, marketer and distributor of paintballs and related products. The Company ceased operations thereafter until it acquired CTT Holdings and its two operating subsidiaries Coiled Tubing Technology, Inc. and Precision Machining Resources, Inc. Our principal executive offices are located at 19511 Wied Road, Suite E, Spring, Texas 77388, and our telephone number is (281) 651-0200.

RISK FACTORS

You should carefully consider each of the following risks and all of the other information set forth in this information statement. The following risks relate principally to our business, our relationship with Grifco and our being a separate publicly-traded company, as well as risks related to the nature of the spin-off transaction itself. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. If any of the following risks and uncertainties develop into actual events, this could have a material adverse effect on our business, financial condition or results of operations. In that case, the trading price of our common stock could decline.

Our business depends primarily on domestic spending by the oil and gas industry, and this spending and our business may be adversely affected by industry conditions that are beyond our control.

We depend primarily on our customers' willingness to make operating and capital expenditures to explore for, develop and produce oil and gas in the United States. Customers' expectations for lower market prices for oil and gas may curtail spending thereby reducing demand for our products and services. Industry conditions in the United States are influenced by numerous factors over which we have no control, such as the supply of and demand for oil and gas, domestic and international economic conditions, political instability in oil and gas producing countries and merger and divestiture activity among oil and gas producers. The volatility of the oil and gas industry and the consequent effect on exploration and production activity could adversely affect the level of drilling and production activity by some of our customers. This reduction may cause a decline in the demand for, or adversely affect the price of, our products and services. Reduced discovery rates of new oil and gas reserves in our market areas could also have a negative long-term impact on our business, even in an environment of stronger oil and gas prices, to the extent existing production is not replaced or the number of drilling and producing wells declines because of substantial depletion of existing domestic reserves or the availability of cheaper reserves outside the United States. In addition, domestic demand for oil and gas may be uniquely affected by public attitudes in the United States regarding drilling in environmentally sensitive areas, vehicle emissions and other environmental standards, alternative fuels and taxation of oil and gas and "excess profits" of oil and gas companies, and the potential changes in federal and state regulation and policy that may result from such public attitudes.

Our future success and profitability may be adversely affected if we or our suppliers fail to develop and introduce new and innovative products and services that appeal to our customers.

The oil and gas drilling industry is characterized by continual technological developments that have resulted in, and likely will continue to result in, substantial improvements in the scope and quality of oilfield chemicals, drilling and artificial lift products and services and product function and performance. As a result, our future success depends, in part, upon our and our suppliers' continued ability to develop and introduce new and innovative products and services in order to address the increasingly sophisticated needs of our customers and anticipate and respond to technological and industry advances in the oil and gas drilling industry in a timely manner. If we or our suppliers fail to successfully develop and introduce new and innovative products and services that appeal to our customers, or if new market entrants or our competitors offer such products and services, our revenue and profitability may suffer.

Our ability to grow and compete in the future will be adversely affected if adequate capital is not available.

The ability of our business to grow and compete depends on the availability of adequate capital, which in turn depends in large part on our cash flow from operations and the availability of equity and debt financing. We cannot assure you that our cash flow from operations will be sufficient or that we will be able to obtain equity or debt financing on acceptable terms or at all to implement our growth strategy. For example, our senior credit facility restricts our ability to incur additional indebtedness and requires us to meet certain financial covenants in order to borrow money, including borrowings to fund future acquisitions, a key component of our growth strategy. As a result, we cannot assure you that adequate capital will be available to finance our current growth plans, take advantage of business opportunities or respond to competitive pressures, any of which could harm our business.

If we lose the services of key members of our management, we may not be able to manage our operations and implement our growth strategy effectively.

We will depend on the continued service of Jerry Swinford, President, who possesses significant expertise and knowledge of our business and industry. While we currently have an employment agreement with Mr. Swinford which does not expire until December 31, 2008 and carry key man life insurance on Mr. Swinford, any loss or interruption of his services could significantly reduce our ability to effectively manage our operations and implement our growth strategy. We cannot assure you that we would be able to find appropriate replacements should the need arise.

Our current insurance policies may not be adequate to protect our business from all potential risks.

Our operations are subject to hazards inherent in the oil and gas industry, such as, but not limited to, accidents, blowouts, explosions, fires, oil and chemical spills and other hazards. These conditions can cause personal injury or loss of life, damage to property, equipment and the environment, and suspension of oil and gas operations of our customers. Litigation arising from a catastrophic occurrence at a location where our equipment, products or services are being used may result in us being named as a defendant in lawsuits asserting large claims. We do not have insurance against all foreseeable risks, either because insurance is not available or because of the high premium costs. In addition, we may not be able to maintain adequate insurance in the future at rates we consider reasonable. As a result, losses and liabilities arising from uninsured or underinsured events could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to adequately protect our intellectual property rights our business is likely to be adversely affected.

We rely on a combination of patents, trademarks, non-disclosure agreements and other security measures to establish and protect our proprietary rights. Although we believe that those measures, together with our trade secrets and proprietary design, manufacturing and operational expertise, are reasonably adequate to protect our intellectual property and provide for the continued operation of our business, it is uncertain that the measures we have taken or may take in the future will prevent misappropriation of our proprietary information or that others will not independently develop similar products or services, design around our proprietary or patented technology or duplicate our products or services.

Risks Related to Our Industry

Volatility or decline in oil and natural gas prices may result in reduced demand for our products and services which may adversely affect our business, financial condition and results of operation.

The markets for oil and natural gas have historically been extremely volatile. We anticipate that these markets will continue to be volatile in the future. Although oil and gas prices have increased significantly in recent years, there can be no guarantees that these prices will remain at current levels. Such volatility in oil and gas prices, or the perception by our customers of unpredictability in oil and natural gas prices, affects the spending patterns in our industry. The demand for our products and services is, in large part, driven by current and anticipated oil and gas prices and the related general levels of production spending and drilling activity. In particular, volatility or a decline in oil and gas prices may cause a decline in exploration and drilling activities. This, in turn, could result in lower demand for our products and services and may cause lower prices for our products and services. As a result, volatility or a prolonged decline in oil or natural gas prices may adversely affect our business, financial condition and results of operations.

Competition from new and existing competitors within our industry could have an adverse effect on our results of operations.

The oil and gas industry is highly competitive and fragmented. Our principal competitors include numerous small companies capable of competing effectively in our markets on a local basis as well as a number of large companies that possess substantially greater financial and other resources than we do. Our larger competitors may be able to devote greater resources to developing, promoting and selling their products and services. We may also face increased competition due to the entry of new competitors including current suppliers that decide to sell their products and services directly. As a result of this competition, we may experience lower sales or greater operating costs, such as marketing costs, which may have an adverse effect on our margins and results of operations.

Our results of operations may be negatively affected by sustained downturns or sluggishness in the economy, including reductions in demand or low levels in the market prices of commodities, all of which are beyond our control.

Sustained downturns in the economy generally affect the markets in which we operate and negatively influence our operations. Declines in demand for oil and gas as a result of economic downturns may reduce our cash flows, especially if our industrial customers reduce production and, therefore, consumption of gas.

Lower demand for oil and gas and lower prices for oil and gas result from multiple factors that affect the markets which consume our products and services.

- supply of and demand for energy commodities, including any decreases in the production of oil and gas which could negatively affect our processing business due to lower throughput;
- general economic conditions, including downturns in the United States, Canada or other economies which affect energy consumption particularly in which sales to industrial or large commercial customers comprise a significant portion of total sales;
- capacity and transmission service into, or out of, our markets;
- oil and disasters, acts of terrorism, wars, embargoes and other catastrophic events to the extent they affect our operations and markets, as well as the cost and availability of insurance covering such risks; and

- federal, state and foreign energy and environmental regulations and legislation.

The long-term financial condition of our businesses is dependent on the continued availability of oil and gas reserves.

Our businesses are dependent upon the continued availability of oil production and reserves. Low prices for oil and gas, regulatory limitations, or the lack of available capital for these projects could adversely affect the development of additional reserves and production, and, therefore, demand for our products and services.

Our business is subject to extensive regulation that affects our operations and costs.

Our U.S. assets and operations are subject to regulation by federal, state and local authorities, including regulation by FERC and regulation by various authorities under federal, state and local environmental laws. Regulation affects almost every aspect of our businesses, including, among other things, our ability to determine the terms and rates of services provided by some of our businesses; make acquisitions; issue equity or debt securities; and pay dividends. Changes in such regulations may affect our capacity to conduct this business effectively and sustain or increase profitability.

Risks Relating to the Spin-off

We may be unable to achieve some or all of the benefits that we expect to achieve from our separation from Grifco.

We may not be able to achieve the full strategic and financial benefits that we expect will result from our separation from Grifco or such benefits may be delayed or may not occur at all. For example, there can be no assurance that analysts and investors will regard our corporate structure as clearer and simpler than the current Grifco corporate structure or place a greater value on our company as a stand-alone company than on our businesses being a part of Grifco. As a result, in the future the aggregate market price of Grifco's common stock and our common stock as separate companies may be less than the market price per share of Grifco's common stock had the separation and distribution not occurred.

We are being separated from Grifco, our parent company, and, therefore, we have a limited operating history as a separate publicly-traded company.

Since April 2005, our business has in part been operated by Grifco as part of its broader corporate organization, rather than as a separate, publicly-traded company. For a portion of that time, Grifco performed various corporate functions for us. The attached historical and pro forma financial results of our wholly owned subsidiary CTT Holdings reflect allocations of corporate expenses from Grifco for these and similar functions. These allocations may be more or less than the comparable expenses we believe we would have incurred had we operated as a separate publicly-traded company. Other significant changes may occur in our cost structure, management, financing and business operations as a result of our operating as a company separate from Grifco.

If the distribution, together with certain related transactions, were to fail to qualify as a reorganization for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, then our shareholders and/or we and Grifco might be required to pay U.S. federal income taxes.

Grifco believes that the distribution of our common stock to its shareholders will qualify as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. However, Grifco is not seeking a ruling from the Internal Revenue Services on this matter nor has it obtained an independent opinion that the distribution would qualify as tax-free.

If the IRS asserts that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. Our shareholders and Grifco could be subject to significant U.S. federal income tax liability. In general, Grifco would be subject to tax as if it had sold the common stock of our company in a taxable sale for its fair market value and our initial public shareholders would be subject to tax as if they had received a taxable distribution equal to the fair market value of our common stock that was distributed to them.

Substantial sales of our common stock may occur in connection with this distribution, which could cause our stock price to decline.

The shares of our common stock that Grifco distributes to its shareholders generally may, under certain circumstances, be sold in the public market. Although we have no actual knowledge of any plan or intention on the part of any shareholder to sell our common stock following the separation, it is possible that the Grifco shareholders may sell all 75,000,000 shares of our common stock received in the distribution. The sales of significant amounts of our common stock or the perception in the market that this will occur may result in the lowering of the market price of our common stock.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this information statement, including the sections entitled “Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” that are based on our management’s beliefs and assumptions and on information currently available to our management. Forward-looking statements include, but are not limited to, the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, benefits resulting from our spin-off from Grifco, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “plan,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “continue,” “may,” “will,” “should” or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. The risk factors discussed in “Risk Factors” beginning on page 7 set forth many of the risks and uncertainties that may cause actual results to differ from those expressed in the forward looking statements. There may be other risks and uncertainties that could have a similar impact. Therefore, you should not put undue reliance on any forward-looking statements. We do not have any intention or obligation to update forward-looking statements after we distribute this information statement.

THE DISTRIBUTION

Reasons for the Spin-Off

In April, 2006, Grifco announced, among other things, that it had determined that the separation of Coil Tubing from Grifco was still in the best interests of Grifco, its stockholders and us, by providing each company with certain opportunities and benefits, such as:

- Focus on service and international sales (Grifco)
- Concerted effort on proprietary Coiled Tubing downhole tool design (CTT)
- Focus on “New” technologies and methods of use with Coiled Tubing only (CTT)

DESCRIPTION OF THE SPIN-OFF

Grifco will effect the spin-off by distributing on a pro rata basis 75,000,000 shares of our outstanding common stock to Grifco stockholders, which we refer to as the distribution, or the spin-off. As a result of the distribution, each Grifco stockholder participating in the spin-off will:

- receive 1.89 shares of our common stock for every share of Grifco common stock it owns; and
- retain its shares in Grifco.

Manner of Effecting the Distribution

You will receive 1.89 shares of our common stock for every share of Grifco common stock held on the record date. The shares of our common stock will be validly issued, fully paid and nonassessable.

Grifco stockholders will not be required to pay for shares of our common stock received in the distribution or to surrender or exchange shares of Grifco common stock in order to receive our common stock or to take any other action in connection with the distribution. No vote of Grifco stockholders is required or sought in connection with the distribution, and Grifco stockholders have no appraisal rights in connection with the distribution.

For those holders of Grifco common stock who hold their shares through a broker, bank or other nominee the distribution will be accomplished by crediting the accounts of the nominees of Grifco's shareholders who are registered holders, who, in turn, will credit their customers' accounts with our common stock. We and Grifco anticipate that brokers, banks and other nominees will generally credit their customers' accounts with Coil Tubing common stock on or shortly after the distribution date. . After the spin-off, any holder may request one or more physical certificates representing their Coil Tubing shares.

Results of the Separation and the Distribution

After the separation and distribution, we will be a separate publicly-traded company. Immediately following the distribution, we expect to have approximately 115,564,430 shares of our common stock issued and outstanding. The distribution will not affect the number of outstanding shares of Grifco common stock or any rights of Grifco stockholders.

BUSINESS OF THE COMPANY

The core business of Coil Tubing Technology, Inc. (the "Company" or "CTT") is the development and marketing of advanced tools and related innovative technical solutions to be used with coil tubing in the bottom hole assembly (BHA) for the exploration and production of hydrocarbons (E&P). The operations of the Company are conducted through its wholly owned subsidiary, Coil Tubing Technology Holdings, Inc. ("CTT Holdings").

What is Coil Tubing Technology?

Coiled tubing technology refers to using a long, thin, continuous string of hollow pipe that is mounted on a truck to workover oil and gas wells. Crews lower this tubing into the well under the careful control of an operator and once in place this pipe allows the usage of specialized tools, and the pumping of fluids such as nitrogen into the well. The tool string at the bottom of the coil is often called the bottom hole assembly ("BHA"). The BHA can range from something as simple as a jetting nozzle, for jobs involving pumping chemicals or cement through the coil, to a larger string of logging tools, depending on the operations. Coiled tubing is used for a wide range of oil field services, including but not limited to drilling, logging, cleanouts, fracturing, cementing, fishing, completion and production.

Due to the natural characteristics of the hydrocarbon reservoir, a production reservoir needs maintenance to keep up production levels. Traditionally, workovers were performed using traditional rigs and jointed pipes. However, improvements in the material used to manufacture coiled tubing as well as quality of the tools used in the bottom hole assembly have boosted demand for coiled tubing compared to traditional jointed drill pipes.

Compared to a coiled tubing unit, a traditional rig using jointed tubes, is complex, immobile and requires a large surface to operate. Moreover, coiled tubing allows for workovers leaving the production tubes in the well as the coiled tubing can be fed through the production tubes instead of having to pull these tubes out replacing them with jointed pipes. The consequential saving in time and related cost has proven to be significant.

Furthermore, drilling with coiled tubing allows the operator to virtually steer the bottom hole assembly in any desired direction to optimize production of the reservoir with relative ease at limited cost, creating for example multi-lateral wells. If need be, the operator can maintain a continuous under-balanced condition throughout the whole drilling operation, whereas a conventional rig and jointed pipe may require re-establishment of under-balanced conditions every 30 ft drilled. Expanding an existing well to increase production levels using coiled tubing re-entry drilling, thereby extending the life of the existing facilities has created an enormous potential for the oil companies to reduce the cost per barrel produced.

Circulation

The most popular use for coiled tubing is circulation. A hydrostatic head (a column of fluid in the well bore) may be inhibiting flow of formation fluids due to its weight (the well is said to have been killed). The safest solution to this problem is to attempt to circulate out the fluid using a gas, frequently nitrogen. By running in coiled tubing to the bottom of the hole and pumping in the gas, the kill fluid can be forced out to production.

Pumping

Pumping through coiled tubing can also be used for disbursing fluids to a specific location in the well such as for cementing perforations or performing chemical washes of downhole components such as sandscreens. In the former case, coiled tubing is particularly advantageous compared to simply pumping the cement from surface, as allowing it to flow through the entire downhole pipe could potentially damage important components.

Drilling

A relatively modern drilling technique involves using coiled tubing instead of conventional drill pipe. This has the advantage of requiring less effort to get in and out of the well (the coil can simply be run in and pulled out while drill string must be assembled and dismantled joint by joint). Instead of rotating the drill bit by using a rotary table or top drive at the surface, it is turned by a downhole motor, powered by the motion of drilling fluid pumped from surface.

Logging and perforating

Well logging usually refers to downhole measurements made via instrumentation that is lowered into the well at the end of a wireline cable (the simplest way to lower equipment in and out of the well, usually just a long strand of very thin wire). These tasks are by default the realm of wireline because coiled tubing is rigid; it can be pushed into the well from surface. This is an advantage over wireline, which is gravity dependent and depends on the weight of the toolstring to be lowered into the well. For highly deviated and horizontal wells, gravity may be insufficient.

Fishing

The application of tools, equipment and techniques for the removal of junk, debris or fish (anything left in a wellbore) from a wellbore.

By not having to connect individual pieces of pipe, coiled tubing crews greatly increase the speed of putting pipe into the well and saves time and costs for the well owner, whether dealing with circulation, pumping, drilling, logging and perforating and/or fishing operations.

Business Operations

We specialize in the design and production of proprietary tools for the coil tubing industry. We concentrate on four categories of coil tubing applications: tubing fishing, tubing work over, pipeline clean out, and coil tubing drilling, which categories of applications are described in greater detail below. We currently manufacture about 25% of our tools and components in house at our Spring, Texas offices. We also outsource approximately 70% of our tools and components to be manufactured by outside manufacturers (described in greater detail below) and purchase the remaining 5% of our products off the shelf. Our business strategy is to rent our tools to our customers.

Coiled Tubing Drilling

Although coiled tubing drilling has always provided an alternative to traditional vertical drilling, more sophisticated applications like horizontal, underbalanced, and re-entry drilling have elevated the success of coiled tubing in drilling applications in recent years. We manufacture several products to be used in drilling applications, including the following:

- The “Jet Motor”** - The Jet Motor is a tool that produces rotation and horsepower by pumping fluid or gas through the components of the tool. The power generated by the tool is then used to drill subterranean objects in an oil well or to deepen an existing well.
- The “Pulsator”** - The Pulsator is a tool much like an automobile shock absorber. The tool absorbs spike loads induced by the drilling application, which are often created by a Jet Motor or other similar tool.
- The “Heavy Hitter”** - The HeavyHitter jar enables energy to be stored like a spring placed in tension. When released the energy accelerates and is released to an internal hammer and anvil creating impact force to a strike an object in a well.

The “Amplidyne” - The Amplidyne is used to store the energy released by the HeavyHitter through a fluid spring. Upon release of the energy the Amplidyne allows acceleration of energy and magnifies the impact of the Heavyhitter.

Thru Tubing Well Maintenance

One of the biggest advantages of using coiled tubing technology is the ability to perform live-well workovers instead of killing the well first with fluids and deploying a conventional workover rig to the well. Our tools allow the well tubing to be cleared instead of replaced. We believe that the time and cost savings and ultimate effect on the cost per barrel produced using our technology are considerable.

Our thru tubing well maintenance products include:

The “Jet Hammer” - The Jet Hammer is a tool that creates rotational horsepower and axial impact energy to remove objects from a wellbore. The tool works under the same principal as a jackhammer cycling to 2000 impacts per minute. The tool is used for the removal of scale, sand cement, barium and paraffin from production tubing and the tool is also effective in shattering glass and ceramic discs placed in the well. The tool can be powered by water, light drilling fluids, air, nitrogen or other acid media. The tool is easy to operate and can withstand temperatures of up to 500 degrees Fahrenheit. Bits for the Jet Hammer are designed to maximize the penetration rate of the tool by taking advantage of the tool’s unique combination of rotational and percussive impact forces.

The “Jet Motor” - The Jet Motor is a very compact (19 inch overall length) down hole motor. The tool has a unique jetting system to maximize torque. It has no rubber thereby allowing the use of acids, nitrogen or fluid at high operating temperatures. The tool is ideal for use in wells up to 500 degrees Fahrenheit.

The “Rotorjet” - The Rotorjet is a tool developed in liaison with our associate Hammelmann and is used to clean production tubing of sediments deposited during the production of oil and gas. The Rotorjet also is used to clean perforated areas through exerting high jet velocities into producing formations thus increasing well production. The Rotorjet is described in greater detail below under Pipeline Cleanout.

Coiled Tubing Fishing

Fishing in the oilfield is generally known as the process of removing debris from a well. The process is used when a well production is affected and the debris must be removed.

The “Rotating Tool” - The Rotating Tool has been designed and developed specifically for use in our coiled tubing operations. Its purpose is to mechanically provide rotation to assist in connecting to a fish. The Rotating Tool can be also be used with HeavyHitters in combination with an Amplidyne to remove a fish that remains stuck. The Rotating Tool currently generates more revenue for us than any other tool.

The “Heavy Hitter” - The HeavyHitter as described in the drilling application above, can also be used in the fishing operations.

The “Amplidyne” - The CTT Amplidyne, also discussed above, can also successfully be used for fishing operations.

Pipeline Cleanout

The Rotorjet is a tool developed in liaison with our associate Hammelmann. The tool is used to clean the inner pipeline walls. The Rotorjet features variable rotational speeds and can hold pressures from 600 to 20,000 pounds

per square inch (“PSI”) providing maximized nozzle velocities for cleaning. The Rotorjet can remove paraffin and other sediments from pipelines without use of chemicals. We believe that the maintenance of a pipeline using a Rotorjet extends the pipeline life and maximizes the pipeline efficiency.

We mainly focus on the development, marketing and rental of advanced tools and related innovative technical solutions to be used with coil tubing in the bottom hole assembly (“BHA”) for the exploration and production of hydrocarbons (“E&P”). Although various companies in the E&P services business have realized the importance of coiled tubing, we have focused entirely on the development of dedicated, patented, proprietary downhole tools and the related marketing strategies.

We believe that we have identified a market for an aggressive, innovative and independent, full line, tool company and have pursued that business strategy. We offer a turnkey tool package containing a full line of standard tools and proprietary downhole tools or a single item tool rental.

Since the United States domestic market is currently by far the largest market for coiled tubing, we are currently focusing primarily on the domestic market, as well as to a limited extent, Canada. However, moving forward, we anticipate expanding our marketing efforts into the North Sea and Middle Eastern markets. We believe that the possibility to extend the life of platforms makes it extremely attractive to use coiled tubing offshore.

Coiled Tubing Industry

The coiled tubing industry is made up of three operational segments:

- Oil Companies;
- Coiled Tubing Operators; and
- Service Companies.

Oil companies typically outsource most of their coil tubing work to the E&P service industry in general and the coiled tubing industry in particular. The oil companies’ engineers rely on coiled tubing operators and downhole service companies to provide operational recommendations and applications to accomplish a specific task on their well. They are constantly seeking new tools for their operations, which often allow proprietary tool companies, such as us, an advantage on their wells. The trend to outsource services is expected to continue, as the oil companies are not interested in owning and paying for the upkeep of high cost coil tubing equipment and tools. As a result, service companies are responsible for the operation of the majority of drilling and fishing procedures using coil tubing technology. The service companies use mostly proprietary tools and large service companies, with whom we compete, like Thru Tubing Solutions, Baker-Hughes, Weatherford, and Smith International, which are focusing more and more on drilling. These companies are attempting to create a one-stop-shop concept with turnkey solutions for oil companies, especially abroad, as the US domestic market is regarded as highly competitive in this respect.

The Market for Coiled Tubing

We believe that the United States domestic market and Canada, which we operate in, is by far the largest and the most competitive market for coil tubing technology, due to the older age of wells and the difficulty in keeping them profitable. Moreover, the United States is considered to be the breeding ground for new technology with a consequential large build-up of coiled tubing units and related companies keeping the rates competitive and therefore coiled tubing workovers more viable.

Business Strategy

We have based our business strategy on the leasing and rental of our product lines to three distinct markets:

- Oil Companies;
- Coiled Tubing Operators; and
- Well Servicing Companies.

There are four components to our strategic vision:

- Build profitable year over year sales of existing proprietary products;
- Accelerate development of new proprietary products;
- Accelerate growth of new distribution stockpoints worldwide; and
- Accelerate growth through acquisitions.

We believe increasing our proprietary product lines availability to our customers is critical to our profitability. Therefore, we will focus on initiatives to drive year over year sales growth for our existing products, funding permitting, emphasizing:

- Enhanced customer focus through a concerted sales and marketing effort in the future;
- Increased investment in product lines; and
- Accelerated growth of new product lines.

Subsidiaries

CTT Holdings currently has two wholly owned Texas subsidiaries, Precision Machining Resources, Inc. and Coil Tubing Technology, Inc. The majority of our operations are run through Coil Tubing Technology, Inc. (“CTT”). Unless this Information Statement states otherwise, the discussion of our operations and our financial statements included herein include the operations of both our wholly owned subsidiaries, Precision Machining Resources, Inc. and Coil Tubing Technology, Inc.

Hammelmann Distributor Contracts

On or about January 1, 2007, through CTT Holdings’ wholly owned subsidiary, CTT, we entered into two Statement of Understandings with Hammelmann Corp. (“Hammelmann” and the “Statement of Understandings”). The Statement of Understandings provide for Hammelmann to provide CTT the coil tubing nozzles known as the “RotorJet” and “TurboJet” and the surface cleaner known as the “Coil Tubing Cleaner” to market, field test and to report the performance of to Hammelmann, which any revenues generated on such products to be split 50/50 between CTT and Hammelmann. The Statements of Understandings remain in effect until terminated with sixty (60) days prior written notice to the non-terminating party.

Employees

We currently have four (4) full-time employees, including our Chief Executive Officer, Jerry Swinford. We believe our relations with all our employees is satisfactory. On July 1, 2007, Mr. Swinford executed an employment agreement with the Company. Pursuant to the agreement, Mr. Swinford will serve as the Company's Chief Executive Officer until December 31, 2008, subject to two annual extensions at Mr. Swinford's option. The base salary under the agreement is \$120,000 with minimum, annual increases of 10%, equity compensation of 1,000,000 shares of CTT Holdings common stock and annual, incentive issuances to Mr. Swinford of 5% of the number of issued and outstanding shares of CTT Holdings common stock.

Suppliers

We obtain the raw materials which we use to produce our coil tubing technology from the following suppliers:

- Earle M. Jorgenson Co.
- Tubular Steel
- Aztec Machine
- Carbide Tooling (CTIS)
- H.E. Halford Welding
- Houston Plating & Coating
- Hammerlmann Corp.
- JCI Inspection

- Prescott Machine

Dependence on One or a Few Major Customers

For the year ended December 31, 2006, we had three customers which accounted for 29.9%, 27.1%, and 12.5% percent of our net sales, respectively. For the year ended December 31, 2006, we had three customers which accounted for 34.5%, 32.4%, and 17.5% of trade accounts receivable, respectively. As a result, the majority of revenues for the year ended December 31, 2006, were due to only a small number of repeat customers, and we anticipate this trend continuing moving forward. As a result, if we lose any of our major customers and are unable to replace such client with a similarly sized customer, it would likely have a materially adverse effect on our results of operations and could force us to curtail or abandon our current business operations.

Patents, Trademarks and Licenses

CTT currently holds trademark number 77114787, relating to three concentric circles, which Coil Tubing uses to advertise its products.

Jerry Swinford, our Chief Executive Officer and Director was the inventor on and currently holds a registered patent (5,584,342) relating to a Subterranean Rotation Inducing Device and Method.

Swinford also has a provisional patent application filing 60/787,906 and a non-provisional patent application filing 11/693,568 for certain jet powered down hole driven tools, which patents have not been registered to date. A provisional patent application gives a filer one full year to assess an invention's commercial potential before committing to the higher cost of filing and prosecuting a non-provisional application for a patent.

DESCRIPTION OF SECURITIES

Description of Common Stock

Number of Authorized and Outstanding Shares. The Company's Amended Certificate of Incorporation authorizes the issuance of 305,000,000 shares of Common Stock, \$0.001 par value per share, of which approximately 115,564,430 shares were outstanding on July 24, 2007. All of the outstanding shares of Common Stock are fully paid and non-assessable.

Voting Rights. Holders of shares of Common Stock are entitled to one vote for each share on all matters to be voted on by the stockholders. Holders of Common Stock have no cumulative voting rights.

Other. Holders of Common Stock have no preemptive rights to purchase the Company's Common Stock. There are no conversion rights or redemption or sinking fund provisions with respect to the Common Stock.

Description of Preferred Stock

Number of Authorized Shares. The Company's Certificate of Incorporation authorizes the issuance of up to 5,000,000 shares of preferred stock, par value \$0.001 per share ("Preferred Stock") in one or more series with such limitations and restrictions as may be determined in the sole discretion of the Company's Board of Directors, with no further authorization by stockholders required for the creation and issuance thereof. As of July 24, 2007, there were 1,000,000 shares of Series A Preferred Stock and 1,000,000 shares of Series B Preferred Stock issued and outstanding.

Series A Preferred Stock.

The Company has designated 1,000,000 shares of its authorized 5,000,000 shares of authorized preferred stock as Series A Preferred Stock, par value \$0.001 per share (the "Series A"). Holders of the Series A are entitled to 51% of the voting rights on all matters to which shareholders are entitled to vote. The Series A is not entitled to dividend, liquidation or redemption rights and is not convertible into shares of Common Stock. On May 13, 2007, Jerry Swinford, the Company's President and Chairman, exchanged 75,000,000 previously issued shares of our Common Stock for 1,000,000 shares of the Series A. As of July 24, 2007, there were 1,000,000 shares of Series A Preferred Stock outstanding, all of which are held by Mr. Swinford

Series B Preferred Stock.

The Company has designated 1,000,000 shares of its authorized 5,000,000 of its authorized preferred stock as Series B Preferred Stock, par value \$0.001 per share (the "Series B"). The Series B is not entitled to dividend, liquidation or redemption rights. Each shares of Series B is convertible into 20 shares of Common Stock at such time when Grifco International, Inc. has exercised its option to purchase the Series A from Jerry Swinford. On June 5, 2007, the Company issued 1,000,000 shares of Series B to Grifco in satisfaction of certain financial contributions made to the Company. As of July 24, 2007, there were 1,000,000 shares of Series B outstanding, contingently convertible into 20,000,000 shares of Common Stock.

MANAGEMENT

Directors and Executive Officers

The following table sets forth for each director of the Company the current executive officers of the Company and the director nominee, their ages and present positions with the Company:

Name	Age	Position with the Company
Jerry Swinford	59	Chairman of the Board, President

SECURITY OWNERSHIP OF DIRECTORS AND OFFICERS

The following tables, based in part upon information supplied by officers, directors and principal shareholders, set forth certain information regarding the beneficial ownership of the Company's voting securities by (i) all those known by the Company to be beneficial owners of more than 5% of the Company's voting securities; (ii) each director (iii) the Company's Chief Executive Officer and the four other highest paid executive officers (the "Named Executive Officers"); and (iv) the directors and executive officers as a group.

Security Ownership of Directors, Director Nominees and Executive Officers

Title of Class	Name and Address of Beneficial Owner(a)	Beneficial Ownership (b)	Percent of Class (c)
Preferred	Jerry Swinford	1,000,000(d)(e)(f)	100%(f)
Common Stock	All Directors and Executive Officers as a Group	0	0%

(a) The address for all officers and directors of the Company is 19511 Wied Road, Suite E, Spring, Texas 77388

(b) Ownership is direct unless indicated otherwise.

(c) Calculation based on approximately 115,564,430 shares of Common Stock outstanding as of July 24, 2007.

(d) Holders of the Series A are entitled to 51% of the voting rights on all matters to which shareholders are entitled to vote.

(e) Grifco International, Inc. holds an option to purchase the Series A for \$100 for a period of two (2) years after the inception of the option period which is to be determined by Mr. Swinford.

(f) Does not include 1,000,000 shares of Series B Preferred Stock convertible into 20,000,000 shares of Common Stock.

AUDITED FINANCIAL INFORMATION

The audited pro forma condensed consolidated statements of operations of Coil Tubing Technology Holdings, Inc. ("CTT Holdings") (the wholly owned subsidiary of the Company through which we conduct our operations) for the years ended December 31, 2006 and 2005 are attached hereto as pages F-1 through F-10. These financial statements have been prepared as if Coil Tubing Technology, Inc. ("Coil Tubing") were separated from Grifco as of January 1, 2005. Additionally, the financial statements are not consolidated with those of Coil Tubing and do not reflect the financial statements of Coil Tubing Technology, Inc., the issuer whose shares you are receiving.

COIL TUBING TECHNOLOGY HOLDINGS, INC AND SUBSIDIARIES

DECEMBER 31, 2006

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Consolidated Balance Sheets
March 31, 2007
(Unaudited)

ASSETS

CURRENT ASSETS:

Cash	\$ 5,210
Accounts receivable, net of allowance for doubtful accounts of \$2,532	<u>69,895</u>
Total Current Assets	75,075

Machinery and equipment, net of accumulated depreciation of \$411,304	<u>316,277</u>
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TOTAL ASSETS	<u><u>\$ 391,352</u></u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 2,377
Loan payable officer	2,800
Loan payable related party	<u>75,000</u>
Total Current Liabilities	80,177

STOCKHOLDERS' EQUITY:

Common stock at \$0.01 par value; authorized 1,000,000 shares; 51,000 shares issued and outstanding	5,100
Additional paid-in capital	1,074,630
Accumulated deficit	<u>(768,554)</u>
Total Stockholders' Equity	<u>311,175</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 391,352</u></u>
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See accompanying notes to the consolidated financial statements.

COIL TUBING TECHNOLOGY HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
For the Three Months Ended March 31, 2007 and 2006
(Unaudited)

	<u>2007</u>	<u>2006</u>
Sales	\$ 69,223	\$ 47,847
Cost of sales	<u>21,471</u>	<u>47,478</u>
Gross profit	<u>47,752</u>	<u>369</u>
Operating expenses:		
General and administrative	125,775	80,486
Depreciation	<u>35,101</u>	<u>20,225</u>
Total operating expenses	<u>160,876</u>	<u>100,711</u>
Net loss	<u>\$ (113,124)</u>	<u>\$ (100,342)</u>
Net loss per share - basic and diluted	<u>\$ (2.22)</u>	<u>\$ (1.97)</u>
Weighted common shares outstanding - basic and diluted	<u>51,000</u>	<u>51,000</u>

See accompanying notes to the consolidated financial statements.

COIL TUBING TECHNOLOGY HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2007 and 2006
(Unaudited)

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (113,124)	\$ (100,342)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	35,102	20,225
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(11,059)	41,128
Decrease in accounts payable and accrued expenses	<u>(3,743)</u>	<u>(29,596)</u>
Net Cash Used In Operating Activities	<u>(92,824)</u>	<u>(68,585)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of machinery and equipment	<u>(22,820)</u>	<u>(71,722)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution	45,700	350,000
Payment of loan	-	(20,713)
Loan from related party	<u>75,000</u>	<u>-</u>
Net Cash Provided By Operating Activities	120,700	329,287
NET INCREASE IN CASH	5,056	188,980
CASH AT BEGINNING OF PERIOD	<u>154</u>	<u>58,076</u>
CASH AT END OF PERIOD	<u><u>\$ 5,210</u></u>	<u><u>\$ 247,056</u></u>
SUPPLEMENTAL SCHEDULE OF CASH FLOW ACTIVITIES:		
Cash Paid For:		
Income taxes	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements.

COIL TUBING TECHNOLOGY HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2007

(Unaudited)

NOTE 1 - ORGANIZATION AND OPERATIONS

Coil Tubing Technology Holdings, Inc. (CTTH or Company) was incorporated on July 2, 1999 under the laws of the State of Texas, but has since re-domiciled to Nevada, as described below. The Company specializes in the design of proprietary tools for the coil tubing industry. The Company concentrates on four categories of coil tubing applications: thru tubing fishing, thru tubing workover, pipeline clean out, and coil tubing drilling. CTTH supplies a full line of tools to oil companies, coiled tubing operations and service companies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying interim financial statements for the three-month periods ended March 31, 2007 and 2006 are unaudited and include all adjustments (consisting of normal recurring adjustments) considered necessary by management for a fair presentation. The results of operations realized during an interim period are not necessarily indicative of results to be expected for a full year. These financial statements should be read in conjunction with the information filed as part of the Company's Registration Statement on Form SB-2, of which this Prospectus is a part.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 as well as the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Consolidated Financial Statements

The accompanying consolidated financial statements included all the accounts of CTTH and its wholly-owned subsidiaries, Coil Tubing Technology, Inc. and Precision Machining Resources, Inc. All intercompany transactions have been eliminated.

NOTE 3 - GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At March 31, 2007, the Company had an accumulated deficit of \$768,554 and had a net loss and cash used in operations of \$113,124 and \$92,824, respectively. These factors raise substantial doubt about the Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations or obtain adequate financing. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

NOTE 4 - LOAN PAYABLE RELATED PARTY

As of March 31, 2007, the Company had an outstanding loan to the sole stockholder of its parent of \$75,000. The loan was non-interest bearing and was repaid in April 2007.

NOTE 5 - STOCKHOLDERS' EQUITY

For the three months ended March 31, 2007, the parent of the Company contributed \$45,700 as additional paid-in capital.

NOTE 6 - CONCENTRATION OF RISK

Four customers accounted for 36.3%, 21.6%, 20.0%, 10.7%, and 28.3%, 20.6%, 9.2% and 8.1% of net sales for the three months ended March 31, 2007 and trade accounts receivable as of March 31, 2007, respectively, with another customer accounting for 27.5% of trade accounts receivable. Four customers accounted for 31.3%, 22.6%, 21.7%, 13.8% and 12.9%, 17.5%, 22.4% and 13.5% of net sales for the three months ended March 31, 2006 and trade accounts receivable as of March 31, 2006, respectively, with another customer accounting for 17.6% of trade accounts receivable.

NOTE 7 - SUBSEQUENT EVENT

On May 24, 2007, the Company entered into a Plan of Conversion and filed Articles of Conversion with the Secretary of State of Texas and Nevada, shortly thereafter, to affect a conversion to a Nevada corporation (the "Conversion"). Concurrently with the Conversion, the Company increased its authorized shares of common stock to 500,000,000 shares, \$0.001 par value per share, and authorized 10,000,000 shares of blank check preferred stock, \$0.001 par value per share.

In May 2007, the Company entered into an Agreement and Release and Restatement and Novation of Agreement For Exchange of Common Stock (collectively the "Release and Restatement") with Coil Tubing, Grifco, its Chief Executive Officer and Director, Jerry Swinford and James Dial, the Chief Executive Officer of Grifco. Pursuant to the Release and Restatement, the parties agreed that Grifco would distribute the 75,000,000 shares of Coil Tubing which it holds to its shareholders (which shareholders will participate in the Distribution) and Coil Tubing would issue Grifco 1,000,000 shares of Series B Preferred Stock, which will have no voting rights and will not participate in the Distribution, but will be convertible into 20,000,000 shares of Coil Tubing common stock, if Grifco exercises its option to purchase the Series A Preferred Stock of Coil Tubing. The "Option Period" which allows Grifco the right to purchase the Series A Preferred Stock of Coil Tubing for aggregate consideration of \$100 lasts two (2) years from the date Mr. Swinford no longer desires to hold the Series A Preferred Stock of Coil Tubing. The Release and Restatement agreements also contemplate that Jerry Swinford will cancel the 75,000,000 shares of Coil Tubing which he holds, which shares will consequently not take place in the Distribution.

The Release and Restatement also included a provision whereby the parties agreed that Mr. Swinford would enter into an Employment Agreement with us, whereby he will serve as our Chief Executive Officer for a period of time to be determined by our Board of Directors, and will be issued shares of our Preferred Stock enabling him to vote 51% of our outstanding common stock.

On June 1, 2007 the Company's Board of Directors issued its chief executive officer and director, Jerry Swinford, who is also the Chief Executive Officer of Coil Tubing, 1,000,000 shares of Series A Preferred Stock of Coil Tubing. These preferred shares have a par value of \$.001, have no conversion or redemption rights, shall not receive any dividends, have no liquidation value but give Mr. Swinford the right to vote 51% of all of the outstanding voting shares on any shareholder votes.

On June 19, 2007, the Board of Directors, and majority shareholder, Coil Tubing, approved a 392.1568627 for one forward stock split of all issued and outstanding stock, for all shareholders of record as of June 19, 2007 (the "Forward Split"). As a result, the issued and outstanding shares increased from 51,000 prior to the forward stock split to 20,000,000 shares subsequent to the forward stock split.

On July 1, 2007 the Company's Board of Directors issued its chief executive officer and director, Jerry Swinford, who is also the Chief Executive Officer of Coil Tubing, 1,000,000 shares of common stock and 1,000,000 shares of Series A Preferred Stock of Coil Tubing in association with his signing an employment agreement.. These preferred shares have a par value of \$.001, have no conversion or redemption rights, shall not receive any dividends,

have no liquidation value but give Mr. Swinford the right to vote 51% of all of the outstanding voting shares on any shareholder votes. The annual compensation under the employment agreement will be \$120,000.

The effects of the Conversion and Forward Split have not been reflected in the financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Coil Tubing Technology Holdings, Inc. and Subsidiaries
Spring, TX

We have audited the accompanying consolidated balance sheet of Coil Tubing Technology Holdings, Inc. and Subsidiaries (the "Company") as of December 31, 2006 and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Coil Tubing Technology Holdings, Inc. and Subsidiaries as of December 31, 2006 and the results of its operations and its cash flows for the years ended December 31, 2006 and 2005 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that Coil Tubing Technology Holdings, Inc. and Subsidiaries will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company had an accumulated deficit of \$655,430 at December 31, 2006 and had a net loss and cash used in operations of \$543,289 and \$406,537, respectively for the year ended December 31, 2006. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Li & Company, PC

Skillman, New Jersey
January 31, 2007

COIL TUBING TECHNOLOGY HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
December 31, 2006

ASSETS

CURRENT ASSETS:

Cash	\$	154
Accounts receivable, net of allowance for doubtful accounts of \$2,532		<u>58,806</u>
Total Current Assets		58,960

Machinery and equipment, net of accumulated depreciation of \$376,806		<u>328,558</u>
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TOTAL ASSETS	\$	<u>387,518</u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$	6,118
Loan payable officer		<u>2,800</u>
Total Current Liabilities		8,918

STOCKHOLDERS' EQUITY:

Common stock at \$0.01 par value; authorized 1,000,000 shares; 51,000 shares issued and outstanding		5,100
Additional paid-in capital		1,028,930
Accumulated deficit		<u>(655,430)</u>
Total Stockholders' Equity		<u>378,600</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	<u>387,518</u>
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See accompanying notes to the consolidated financial statements.

COIL TUBING TECHNOLOGY HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Sales	\$ 235,822	\$ 122,935
Sales to parent	<u>-</u>	<u>85,050</u>
	235,822	207,985
Cost of sales	<u>147,701</u>	<u>113,911</u>
Gross profit	<u>88,121</u>	<u>94,074</u>
Operating expenses:		
General and administrative	504,095	189,064
Depreciation	<u>127,215</u>	<u>97,742</u>
Total operating expenses	<u>631,310</u>	<u>286,806</u>
Operating loss	<u>(543,189)</u>	<u>(192,732)</u>
Other income (expense):		
Gain on forgiveness of debt	-	664,527
Rental income	-	8,218
Interest expense	<u>(100)</u>	<u>(8,109)</u>
Total other income (expense)	<u>(100)</u>	<u>664,636</u>
Net income (loss)	<u>\$ (543,289)</u>	<u>\$ 471,904</u>
income (loss) per common share - basic and diluted	<u>\$ (10.65)</u>	<u>\$ 9.25</u>
ighted common shares outstanding - basic and diluted	<u>51,000</u>	<u>51,000</u>

See accompanying notes to the consolidated financial statements.

COIL TUBING TECHNOLOGY HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statement of Stockholders' Equity
For the Year Ended December 31, 2006

	<u>Common Shares</u>	<u>Amount</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, January 1, 2005	51,000	\$ 5,100	\$ -	\$ (584,045)	\$ (578,945)
Contributions to capital	-	-	528,442	-	528,442
Net income	-	-	-	471,904	471,904
Balance December 31, 2005	<u>51,000</u>	<u>5,100</u>	<u>528,442</u>	<u>(112,141)</u>	<u>421,401</u>
Contributions to capital	-	-	500,488	-	500,488
Net loss	-	-	-	(543,289)	(543,289)
Balance, December 31, 2006	<u><u>51,000</u></u>	<u><u>\$ 5,100</u></u>	<u><u>\$ 1,028,930</u></u>	<u><u>\$ (655,430)</u></u>	<u><u>\$ 378,600</u></u>

See accompanying notes to the consolidated financial statements.

COIL TUBING TECHNOLOGY HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (543,289)	\$ 471,904
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Gain on forgiveness of debt	-	(664,527)
Depreciation	127,215	97,742
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	28,790	(59,308)
Increase (decrease) in accounts payable and accrued expenses	<u>(19,253)</u>	<u>5,026</u>
Net Cash Used In Operating Activities	<u>(406,537)</u>	<u>(149,163)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of machinery and equipment	<u>(130,890)</u>	<u>(65,920)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution	483,575	328,442
Payment of loan	(4,070)	(67,353)
Loan from officer	<u>-</u>	<u>12,070</u>
Net Cash Provided By Operating Activities	479,505	273,159
NET INCREASE (DECREASE) IN CASH	(57,922)	58,076
CASH AT BEGINNING OF YEAR	<u>58,076</u>	<u>-</u>
CASH AT END OF YEAR	<u>\$ 154</u>	<u>\$ 58,076</u>
SUPPLEMENTAL SCHEDULE OF CASH FLOW ACTIVITIES:		
Cash Paid For:		
Income taxes	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ 100</u>	<u>\$ 8,109</u>
NON-CASH INVESTING ACTIVITIES:		
Notes payable contributed to capital	<u>\$ 16,913</u>	<u>\$ 200,000</u>

See accompanying notes to the consolidated financial statements.

COIL TUBING TECHNOLOGY HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2006

NOTE 1 - ORGANIZATION AND OPERATIONS

Coil Tubing Technology Holdings, Inc. (CTTH or Company) was incorporated on July 2, 1999 under the laws of the State of Texas. The Company specializes in the design of proprietary tools for the coil tubing industry. The Company concentrates on four categories of coil tubing applications: thru tubing fishing, thru tubing work over, pipeline clean out, and coil tubing drilling. CTTH supplies a full line of tools to oil companies, coiled tubing operations and service companies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidated Financial Statements

The accompanying consolidated financial statements included all the accounts of CTTH and its wholly-owned subsidiaries, Coil Tubing Technology, Inc. and Precision Machining Resources, Inc.

All intercompany transactions have been eliminated.

b. Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

c. Accounts Receivable

Accounts receivable consists of amounts billed and currently due from customers. The Company monitors the aging of its accounts receivable and related facts and circumstances to determine if an allowance should be established for doubtful accounts.

d. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

e. Machinery and Equipment

Machinery and Equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight line method over the useful lives of the assets of five to seven years. Maintenance, repairs, and minor renewals and betterments are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized.

f. Earnings Per Common Share

Earnings per common share has been calculated by dividing the net income (loss) for the year by the basic and diluted weighted average number of shares outstanding. There are no common stock equivalents outstanding as of December 31, 2006.

g. Revenue Recognition

Sales are recognized when goods are shipped. The estimated amounts of sales discounts, returns and allowances are accounted for as reductions of sales when the sale occurs and the realization of collectibility is reasonably assured. These estimated amounts are based on historical amounts and adjusted periodically based on changes in facts and circumstances when the changes become known to the Company.

h. Income Taxes

The Company accounts for income taxes under FASB Statement No. 109, *Accounting for Income Taxes*. Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of operations in the period that includes the enactment date

i. Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amounts of financial assets and liabilities, such as cash, trade accounts receivable, accounts payable and accrued expenses, approximate their fair values because of the short maturity of these instruments and market rates of interest.

j. Impairment of Long-Lived Assets

The carrying values of the fixed assets are evaluated whenever changes in circumstances indicate the carrying amount of such assets may not be recoverable. If necessary, the Company recognizes an impairment loss for the difference between the carrying amount of the assets and their estimated fair value. Fair value is based on current and anticipated future undiscounted cash flows. As of December 31, 2006, no impairment has incurred.

l. Impact of New Accounting Standards

In May 2005, the Financial Accounting Standards Board ("FASB") issued SFAS No. 154, *Accounting Changes and Error Corrections a replacement of APB No. 20 and FAS No. 3* ("SFAS No.154"). SFAS 154 changes the requirements for the accounting for and reporting of a change in accounting principle. SFAS 154 also applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. SFAS 154 is effective for all accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company believes the adoption of SFAS 154 will not have an impact on its consolidated financial condition and results of operations.

In February 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments* ("SFAS No. 155"), which amends SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS No. 133") and SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* ("SFAS No. 140"). This statement amends SFAS No. 133 to permit fair value remeasurement for any hybrid instrument that contains an embedded derivative that otherwise would require bifurcation. This statement also eliminates the interim guidance in SFAS No. 133 Implementation Issue D-1, which provides that beneficial interests in securitized financial assets are not subject to the provisions of SFAS No. 133. Finally, this statement amends SFAS No. 140 to eliminate the restriction on the passive derivative instruments that a qualifying special-purpose entity may hold. This statement is effective for all financial instruments acquired or issued in first fiscal years beginning after September 15, 2006. Management is assessing the potential impact of SFAS No. 155 on the Company's consolidated financial condition and results of operations.

In March 2006, the FASB issued SFAS No. 156, *Accounting for Servicing of Financial Assets—an amendment of FASB Statement No. 140* (“SFAS No. 156”), that provides guidance on accounting for separately recognized servicing assets and servicing liabilities. In accordance with the provisions of SFAS No. 156, separately recognized servicing assets and servicing liabilities must be initially measured at fair value, if practicable. Subsequent to initial recognition, the Company may use either the amortization method or the fair value measurement method to account for servicing assets and servicing liabilities within the scope of this Statement. The Company will adopt SFAS No. 156 in fiscal year 2007. The adoption of this Statement is not expected to have a material effect on the Company’s financial condition and results of operations.

In April 2006, the FASB issued FSP FIN 46R-6, *Determining the Variability to Be Considered in Applying FASB Interpretation No. 46R* which requires the variability of an entity to be analyzed based on the design of the entity. The nature and risks in the entity, as well as the purpose for the entity’s creation are examined to determine the variability in applying FIN 46R, *Consolidation of Variable Interest Entities* (“FIN 46R”). The variability is used in applying FIN 46R to determine whether an entity is a variable interest entity, which interests are variable interests in the entity, and who is the primary beneficiary of the variable interest entity. This statement is effective for all reporting periods beginning after June 15, 2006. Management does not expect this statement to have a significant impact on the Company’s financial condition and results of operations.

In July 2006, the FASB issued FASB Interpretation Number 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* (“FIN 48”). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken in a tax return. The Company must determine whether it is “more-likely-than-not” that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Once it is determined that a position meets the more-likely-than-not recognition threshold, the position is measured to determine the amount of benefit to recognize in the financial statements. FIN 48 applies to all tax positions related to income taxes subject to FASB Statement No. 109, *Accounting for Income Taxes*. The interpretation clearly scopes out income tax positions related to FASB Statement No. 5, *Accounting for Contingencies*. We will adopt the provisions of this statement on July 1, 2007. The cumulative effect of applying the provisions of FIN 48 will be reported as an adjustment to the opening balance of retained earnings on July 1, 2007. The Company does not anticipate that the adoption of this statement will have a material effect on the Company’s financial condition and results of operations.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

NOTE 3 - GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At December 31, 2006, the Company had an accumulated deficit of \$655,430 and had a net loss and cash used in operations of \$543,289 and \$406,037, respectively. These factors raise substantial doubt about the Company’s ability to continue as a going concern is dependent upon its ability to achieve profitable operations or obtain adequate financing. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

NOTE 4 - MACHINERY AND EQUIPMENT

As of December 31, 2006, machinery and equipment consisted of:

	Estimated Useful Lives	Cost
Furniture	7 years	\$ 6,783
Office equipment	5 years	15,223
Shop Equipment	5 years	40,554
Equipment for rent	5 years	619,012
Leasehold improvements	10 years	23,792
		705,364
Less accumulated depreciation		<u>(376,806)</u>
		<u>\$ 328,558</u>

For the years ended December 31, 2006 and 2005, depreciation expense was \$127,215 and \$97,742, respectively.

NOTE 5 - LOAN PAYABLE OFFICER

Loan payable officer represents amounts loaned to the Company from its president. The loans are non-interest bearing and due on demand.

NOTE 6 - INCOME TAXES

At December 31, 2006, the Company had net operating loss carry-forwards for Federal income tax purposes of approximately \$655,000 that may be offset against future taxable income through 2026. The realization of the Company's net deferred tax assets of \$249,000 was not considered more likely than not and accordingly, the potential tax benefits of the net loss carry-forwards are fully offset by a valuation allowance.

There are no significant differences between the Company's operating results for financial reporting purposes than for income tax purposes. The Company did utilize net operating loss carry-forwards of \$470,000 in its consolidated statement of operations for the year ended December 31, 2006.

NOTE 7 - STOCKHOLDERS' EQUITY

For the years ended December 31, 2006 and 2005, the parent of the Company contributed approximately \$1,029,000 as additional paid-in capital.

NOTE 8 - CONCENTRATION OF RISK

Three customers accounted for 29.9%, 27.1%, 12.5% and 17.5%, 34.5%, 1.7% of net sales for the year ended December 31, 2006 and trade accounts receivable as of December 31, 2006, respectively; a fourth customer comprised 32.4% of accounts receivable at December 31, 2006. The top two customers accounted for 37.8% and 32.3%, and 39.5% and 22.6%, of net sales for the year ended December 31, 2005 and trade accounts receivable as of December 31, 2005, respectively, with one additional customer comprising 31.6% of accounts receivable at December 31, 2005.