

TITANIUM HOLDINGS GROUP, INC. & SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31,	2004	2003
Cash flows from operating activities:		
Net income (loss)	\$ <u>914,430</u>	\$ <u>(268,640)</u>
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	21,900	20,926
Gain on sale of investment	(1,303,068)	-
Loss on equity investments	4,035	-
Secured notes receivable converted to common stock	379,000	-
Reduction in special bad debt allowance	-	(60,000)
Accrued interest income	(49,332)	(136,182)
Changes in assets and liabilities net of effects of dispositions:		
Increase in accounts receivable	(160,056)	(129,962)
Decrease in prepaid expenses and taxes	10,506	21,588
(Increase) decrease in inventories	(89,525)	28,777
Increase in accounts payable and accrued expenses	<u>106,089</u>	<u>77,417</u>
Total adjustments	<u>(1,080,451)</u>	<u>(177,436)</u>
Net cash used in operating activities	<u>(166,021)</u>	<u>(446,076)</u>
Cash flows from investing activities:		
Net proceeds from issuance of common stock	1,353,665	-
Proceeds from notes receivable and accrued interest	131,545	360,650
Investment in partnerships	(231,500)	-
Investment in bonds	(600,000)	-
Purchase of property and equipment	<u>(8,256)</u>	<u>(71,008)</u>
Net cash provided by investing activities	<u>645,454</u>	<u>289,642</u>
Cash flows from financing activities:		
Net proceeds from issuance of common stock	681,295	-
Repayment of long-term debt	-	(20,288)
Proceeds from secured notes payable	500,000	500,000
Repayment of secured notes payable	(1,150,000)	(390,000)
Preferred stock redeemed	(175,000)	-
Dividends paid	<u>(2,625)</u>	<u>(5,250)</u>
Net cash provided by (used) in financing activities	<u>(146,330)</u>	<u>84,462</u>
Net increase (decrease) in cash	333,103	(71,972)
Cash - beginning	<u>402,275</u>	<u>474,247</u>
Cash - ending	<u>\$ 735,378</u>	<u>\$ 402,275</u>
Supplemental information:		
Cash paid during the period for:		
Interest	<u>\$ 51,200</u>	<u>\$ 56,428</u>
Income taxes	<u>\$ 1,938</u>	<u>\$ 2,826</u>

See Notes to Consolidated Financial Statements