

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

Year ended December 31,	2005	2004
<b>Cash flows from operating activities:</b>		
Net income (loss)	<u>\$(136,005)</u>	<u>\$914,430</u>
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	19,638	21,900
Gain on sale of investment	-	(1,303,068)
Loss on equity investments	12,190	4,035
Secured notes receivable converted to common stock	-	379,000
Allowance for bad debts	10,653	-
Accrued interest income	(18,200)	(49,332)
Changes in assets and liabilities net of effects of dispositions:		
Increase in accounts receivable	(109,184)	(160,056)
(Increase) decrease in prepaid expenses and taxes	(31,319)	10,506
Increase in inventories	(78,877)	(89,525)
Increase in accounts payable and accrued expenses	<u>209,480</u>	<u>106,089</u>
Total adjustments	<u>14,381</u>	<u>(1,080,451)</u>
Net cash used in operating activities	<u>(121,624)</u>	<u>(166,021)</u>
<b>Cash flows from investing activities:</b>		
Net proceeds from sale of securities	451,039	1,353,665
Proceeds from notes receivable and accrued interest	130,988	131,545
Investment in partnerships	(325,000)	(231,500)
Investment in securities	(101,393)	(600,000)
Purchase of property and equipment	(23,735)	(8,256)
Proceeds from partnership distributions	<u>50,331</u>	<u>-</u>
Net cash provided by investing activities	<u>182,230</u>	<u>645,454</u>
<b>Cash flows from financing activities:</b>		
Net proceeds from issuance of common stock	-	681,295
Repayment of long-term debt	-	-
Proceeds from secured notes payable	-	500,000
Repayment of secured notes payable	-	(1,150,000)
Preferred stock redeemed	-	(175,000)
Dividends paid	<u>-</u>	<u>(2,625)</u>
Net cash used in financing activities	<u>-</u>	<u>(146,330)</u>
Net increase in cash	60,606	333,103
Cash - beginning	<u>735,378</u>	<u>402,275</u>
Cash - ending	<u>\$795,984</u>	<u>\$735,378</u>
<b>Supplemental information:</b>		
Cash paid during the period for:		
Interest	<u>\$-</u>	<u>\$51,200</u>
Income taxes	<u>\$6,527</u>	<u>\$1,938</u>