

TITANIUM HOLDINGS GROUP, INC. & SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31,	2005	2004
Net Sales	\$7,438,311	\$5,681,609
Cost of sales	<u>4,650,054</u>	<u>3,387,909</u>
Gross profit	<u>2,788,257</u>	<u>2,293,700</u>
Operating expenses:		
Salaries	1,769,887	1,531,106
Professional fees	91,989	123,327
Depreciation and amortization	19,638	21,900
Marketing	46,180	34,855
Rent	344,689	354,673
Interest	-	52,000
Other	<u>670,837</u>	<u>634,219</u>
Total operating expenses	<u>2,943,220</u>	<u>2,752,080</u>
Operating loss	(154,963)	(458,380)
Gain on investments	-	1,303,068
Other income	<u>26,885</u>	<u>71,588</u>
Income (loss) before income tax expense	(128,078)	916,276
Income tax expense	<u>7,927</u>	<u>1,846</u>
Net income (loss)	(136,005)	914,430
Preferred stock dividends	-	<u>(2,625)</u>
Net income (loss) attributable to common stockholders	<u>\$(136,005)</u>	<u>\$911,805</u>
Income (loss) per share-basic and diluted	<u>\$(0.015)</u>	<u>\$0.12</u>
Weighted average number of shares outstanding	<u>9,228,997</u>	<u>7,782,486</u>