

TITANIUM HOLDINGS GROUP, INC. & SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004
(Unaudited)

	2005	2004
Cash flows from operating activities:		
Net income	\$ <u>56,717</u>	\$ <u>1,104,736</u>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,198	10,206
Gain on sale of investment	-	(1,303,068)
Loss on equity investments	2,907	-
Secured notes receivable converted to common stock	-	379,000
Accrued interest income	(18,200)	(32,888)
Changes in assets and liabilities net of effects of dispositions:		
(Increase) decrease in accounts receivable	(95,510)	39,364
Increase in inventories	(58,181)	(84,665)
Decrease in prepaid expenses and taxes	32,755	24,334
Increase in accounts payable and accrued expenses	<u>151,757</u>	<u>24,630</u>
Total adjustments	<u>22,726</u>	<u>(943,087)</u>
Net cash provided by operating activities	<u>79,443</u>	<u>161,649</u>
Cash flows from investing activities:		
Investment in partnership and notes receivable	(150,000)	-
Proceeds from partnership distributions	18,779	-
Proceeds from redemption of bonds	199,984	-
Net proceeds on sale of investment	-	1,353,665
Purchase of property and equipment	(6,125)	(8,030)
Proceeds from notes receivable and accrued interest	<u>65,988</u>	<u>70,250</u>
Net cash provided by investing activities	<u>128,626</u>	<u>1,415,885</u>
Cash flows from financing activities:		
Net proceeds from issuance of common stock	-	637,795
Proceeds from secured notes payable	-	500,000
Repayment of secured notes payable	-	(1,150,000)
Preferred stock redeemed	-	(175,000)
Dividends paid	-	(2,625)
Net cash used in financing activities	<u>-</u>	<u>(189,830)</u>
Net increase in cash	208,069	1,387,704
Cash - beginning	<u>735,378</u>	<u>402,275</u>
Cash - ending	<u>\$ 943,447</u>	<u>\$ 1,789,979</u>
Supplemental information:		
Cash paid during the period for:		
Interest	\$ <u>-</u>	\$ <u>43,875</u>
Income taxes	\$ <u>-</u>	\$ <u>1,984</u>

See Notes to Consolidated Financial Statements