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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Titanium Holdings Group, Inc.

We have compiled the accompanying consolidated balance sheet of Titanium Holdings Group, Inc. and Subsidiary as of March 31, 2010, and the related consolidated statements of operations and cash flows for the three months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying March 31, 2010 financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2009, and the related consolidated statements of operations, accumulated deficit, and cash flows for the year then ended (not presented herein); and in our report dated April 4, 2010, we expressed an unqualified opinion on those consolidated financial statements.

Pasternack & Company LLP
Certified Public Accountants

June 4, 2010
Great Neck, NY

TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
MARCH 31, 2010

ASSETS

Current assets	
Cash	$ 1,854,222
Accounts receivable, net of allowance for doubtful accounts of $14,071	464,560
Inventory	662,545
Prepaid expenses and other current assets	57,367
Total current assets	3,038,694
Fixed assets-less accumulated depreciation and amortization of $741,970	139,439
Marketable securities-available for sale	164,824
Notes receivable-related party	4,292
Other investments	483,110
Goodwill	100,192
TOTAL ASSETS	$ 3,930,551

LIABILITIES & STOCKHOLDERS' EQUITY

Current Liabilities	
Accounts payable and accrued expenses	$ 582,353
Income taxes payable	21,220
Total current liabilities	603,573
Commitments and Contingencies	
Redeemable preferred stock-$.001 par value; authorized 5,000,000 shares 70,000 shares of convertible stock designated as Series E stock-$2.50 stated value; issued and outstanding -0- shares	-
Stockholders' equity	
Common stock-$.001 par value; authorized 20,000,000 shares; issued and outstanding 9,228,997	9,229
Additional paid-in capital	11,246,532
Accumulated other comprehensive loss	(1,111,906)
Accumulated deficit	(6,816,877)
Total stockholders' equity	3,326,978
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,930,551

See Notes to Consolidated Financial Statements

TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2010

Net Sales	$ 1,879,690
Cost of sales	1,510,657
Gross profit	369,033
Operating expenses:	
Salaries	254,800
Rent	26,684
Marketing	21,867
Professional fees	18,414
Utilities	16,181
Delivery and auto	24,454
Office expense	11,808
Payroll and other taxes	11,178
Repairs and maintenance	4,212
Employee benefits	3,100
Insurance	4,716
Depreciation and amortization	6,225
Other	6,330
Total operating expenses	409,969
Operating loss	(40,936)
Other income	7,740
Loss before income tax expense	(33,196)
State income tax expense	3,700
Net loss attributable to common stockholders	$ (36,896)
Loss per share-basic and diluted	$ 0.004
Weighted average number of shares outstanding	9,228,997

See Notes to Consolidated Financial Statements

TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2010

Cash flows from operating activities:	
Net loss	$ (36,896)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	6,225
Changes in assets and liabilities net of effects of dispositions:	
Increase in accounts receivable	(58,456)
Decrease in prepaid expenses and taxes	13,128
Increase in inventories	(26,343)
Increase in accounts payable and accrued expenses	407,433
Total adjustments	341,987
Net cash provided by operating activities	305,091
Cash flows from investing activities:	
Proceeds from notes receivable and accrued interest	660
Proceeds from partnership distributions	42,750
Investment in partnership	(75,000)
Purchase of property and equipment	(15,550)
Net cash used in investing activities	(47,140)
Net increase in cash	257,951
Cash - beginning	1,596,271
Cash - ending	$ 1,854,222
Supplemental information:	
Cash paid during the period for:	
Interest	$ -
Income taxes	$ -

See Notes to Consolidated Financial Statements

TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010

1. General

The accompanying financial statements, footnotes and discussions should be read in conjunction with the financial statements, related footnotes and discussions contained in the Company's Annual Report for the year ended December 31, 2009. The financial information contained herein is unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial information have been included. All adjustments are of a normal recurring nature.

The results of operations for the three months ended March 31, 2010, are not necessarily indicative of the results to be expected for the full year.

2. Principal Business Activity and Summary of Significant Accounting Policies

The accompanying consolidated financial statements include the accounts of Titanium Holdings Group, Inc. and its subsidiary (collectively the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

The principal business activity of the Company is manufacturing and the wholesale distribution of sanitary maintenance supplies and paper products.

Property and equipment are recorded at cost. Depreciation is provided for by the straight-line method over the estimated useful lives of the property and equipment.

Inventories consisting of raw materials, work in process and finished goods are valued at the lower of cost or market. Cost is determined using the first-in, first-out method.

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates by management. Actual results could differ from these estimates.

Earnings (loss) per share ("EPS") is computed by dividing net income or loss by the weighted-average number of common shares outstanding for the period. Both basic and diluted net income (loss) per share are the same, because the effect of the Company's outstanding warrants and options is anti-dilutive.

3. Investments

The Company classifies its existing marketable equity securities as available-for-sale in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS No. 115"), "Accounting for Certain Investments in Debt and Equity Securities." These securities are carried at fair market value, with unrealized holding gains and losses reported in stockholders' equity as a component of other comprehensive income. Gains or losses on securities sold are based on the specific identification method.

During the first quarter 2010, the Company invested in a promissory note with Ameritrans Capital Corporation. The principal amount of the note is $75,000 and has a maturity date of December 14, 2011. The note is for two years with interest payable quarterly at 8.75% per annum on the outstanding principal balance. Ameritrans Capital Corporation may elect , by notice to the Company at least 30 days before the maturity date, to extend the maturity date to the third anniversary of the issue date. If elected, interest shall be payable quarterly at the sum of 5.50% plus the rate announced by Citibank N.A. as its prime rate.

4. Contracts

During August 2005, the Compensation Committee, and subsequently the independent members of the Board, unanimously voted to renew the employment contract of Randall K. Davis, CEO and President of the Company, effective September 1, 2005. The new contract is for 5 years with substantially the same terms as his previous contract. The only significant change in the new 5-year agreement is that Mr. Davis' new salary calls for a reduction of 20% effective January 1, 2006.

During August 2005, the Compensation Committee, and subsequently the independent members of the Board, unanimously voted to renew a consulting agreement with Mr. Steven Etra, effective September 1, 2005. The new contract is for 5 years and calls for the same compensation as his previous contract.

5. Recent Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, "Business Combinations" (SFAS No. 141) and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142.)

SFAS No. 141 addresses financial accounting and reporting for business combinations. This statement requires the purchase method of accounting to be used for all business combinations, and prohibits the pooling-of-interests method of accounting. This statement is effective for all business combinations initiated after June 30, 2001 and supercedes APB Opinion No. 16, "Business Combinations" as well as FASB Statement of Financial Accounting Standards No. 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises".

SFAS No. 142 addresses how intangible assets that are acquired individually or with a group of other assets should be accounted for in financial statements upon their acquisition. This statement requires goodwill to be periodically reviewed for impairment rather than amortized, beginning on January 1, 2002. SFAS No. 142 supercedes APB Opinion No. 17, "Intangible Assets".

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

6. Stockholders' Equity

Effective June 8, 2006, and with unanimous approval of disinterested Board members, stock options were granted to two Directors in consideration for their service on the Board for 2005 and 2006. Each of the two Directors were granted the option to purchase all or any part of an aggregate of twenty thousand (20,000) shares of common stock of the Company, pursuant to the Company's 2000 Stock Incentive Plan. The exercise price of the Option shall be twenty-nine cents ($0.29) per share and will be exercisable during the period from June 8, 2006 through June 8, 2011.