

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

Year ended December 31,	2004	2003
Net Sales	\$ 5,681,609	\$ 5,145,571
Cost of sales	<u>3,387,909</u>	<u>3,125,361</u>
Gross profit	<u>2,293,700</u>	<u>2,020,210</u>
Operating expenses:		
Salaries	1,531,106	1,324,545
Professional fees	123,327	118,805
Depreciation and amortization	21,900	20,926
Marketing	34,855	51,899
Rent	354,673	340,643
Interest	52,000	56,428
Other	<u>634,219</u>	<u>574,189</u>
Total operating expenses	<u>2,752,080</u>	<u>2,487,435</u>
Operating loss	(458,380)	(467,225)
Gain on investments	1,303,068	-
Other income	<u>71,588</u>	<u>200,523</u>
Income (loss) before income tax expense	916,276	(266,702)
Income tax expense	<u>1,846</u>	<u>1,938</u>
Net income (loss)	914,430	(268,640)
Preferred stock dividends	<u>(2,625)</u>	<u>(5,250)</u>
Net income (loss) attributable to common stockholders	<u>\$ 911,805</u>	<u>\$ (273,890)</u>
Income (loss) per share-basic and diluted	<u>\$ 0.12</u>	<u>\$ (0.05)</u>
Weighted average number of shares outstanding	<u>7,782,486</u>	<u>5,572,810</u>

See Notes to Consolidated Financial Statements