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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Titanium Holdings Group, Inc.
San Antonio, TX

We have compiled the accompanying consolidated balance sheet of Titanium Holdings Group, Inc. and Subsidiary as of March 31, 2017, and the related consolidated statements of operations and cash flows for the three months then ended. We have not audited or reviewed the accompanying March 31, 2017 consolidated financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of consolidated financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the consolidated financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Pasternack & Company LLP

May 23, 2017
Great Neck, NY

TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
MARCH 31, 2017

ASSETS

Current assets	
Cash	\$ 1,895,802
Accounts receivable, net of allowance for doubtful accounts of \$14,071	469,879
Inventory	480,732
Prepaid expenses and other current assets	<u>71,541</u>
Total current assets	2,917,954
Fixed assets-less accumulated depreciation and amortization of \$955,841	1,021,113
Marketable securities-available for sale	54,609
Other investments	1,790
Goodwill	<u>100,192</u>
 TOTAL ASSETS	 <u>\$ 4,095,658</u>

LIABILITIES & STOCKHOLDERS' EQUITY

Current Liabilities	
Accounts payable and accrued expenses	\$ 388,134
Income taxes payable	<u>14,993</u>
Total current liabilities	<u>403,127</u>
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	<u>-</u>
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	(706,793)
Accumulated deficit	<u>(6,856,437)</u>
Total stockholders' equity	<u>3,692,531</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 <u>\$ 4,095,658</u>

**TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2017**

Net Sales	\$ 1,649,712
Cost of sales	<u>1,301,111</u>
Gross profit	<u>348,601</u>
Operating expenses:	
Salaries	227,614
Rent	19,494
Marketing	6,131
Professional fees	21,681
Utilities	4,778
Delivery and auto	10,838
Office expense	8,106
Payroll and other taxes	9,513
Repairs and maintenance	2,447
Insurance	4,325
Depreciation and amortization	14,550
Other	<u>5,916</u>
Total operating expenses	<u>335,393</u>
Operating income	13,208
Other income	<u>766</u>
Income before income tax expense	13,974
State income tax expense	<u>2,600</u>
Net income attributable to common stockholders	<u>\$ 11,374</u>
Income per share-basic and diluted	<u>\$ 0.0012</u>
Weighted average number of shares outstanding	<u>9,228,997</u>

**TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2017**

Cash flows from operating activities:

Net income \$ 11,374

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization	14,550
Changes in assets and liabilities net of effects of dispositions:	
Increase in accounts receivable	(94,624)
Decrease in prepaid expenses and other assets	27,367
Decrease in inventories	845
Increase in accounts payable and accrued expenses	<u>174,635</u>

Total adjustments 122,773

Net provided by operating activities 134,147

Cash flows from investing activities:

Proceeds from partnership distributions	2,143
Purchase of property and equipment	<u>(1,066)</u>

Net cash provided by investing activities 1,077

Net increase in cash 135,224

Cash - beginning 1,760,578

Cash - ending \$ 1,895,802

Supplemental information:

Cash paid during the period for:

Interest	<u>\$ -</u>
Income taxes	<u><u>\$ -</u></u>

**TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2017**

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, 2016. 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, 2017, 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.

Uncertain tax positions - Management has evaluated the Company's tax positions and concluded that the Company has not taken any uncertain tax positions that require adjustment to the financial statements to comply with the provisions of Accounting Standards Codification 740. Generally, the Company is no longer subject to income tax examination by U.S. federal, state or local tax authorities for the years before 2013, which is the standard statute of limitations look-back period.

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments and other short-term investments with an initial maturity of three months or less to be cash equivalent.

**TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2017**

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, "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 or loss. Gains or losses on securities sold are based on the specific identification method.

4. Contracts

During April 2015, the Compensation Committee and the independent members of the Board, unanimously voted to renew the employment contract of Randall K. Davis, CEO and President of the Company, effective April 8, 2015. The new contract is for 5 years with substantially the same terms as his previous contract.

During April 2015, the Compensation Committee, and the independent members of the Board, unanimously voted to renew a consulting agreement with Mr. Steven Etra, effective April 8, 2015. The new contract is for 5 years with substantially the same terms as his previous contract.

5. Stockholders' Equity

The Chairman of the Board, Steven Etra, directly owns 4,611,293 shares of issued and outstanding common stock of the Company and indirectly controls an additional 842,318 of the shares. This total of 5,453,611 outstanding shares of common stock gives Mr. Etra control of approximately 59% of all outstanding, voting common stock issued. The Board of Directors, as a group, currently owns 6,012,519 shares, representing approximately 65% of all outstanding, voting common stock issued.

6. Subsequent Events

During March 2017, the Chairman of the Board, Steven Etra, instructed the CEO and President, Randall K. Davis, to contract with an independent firm to provide an appraisal of the building at 401 Main Street, in Kerrville, Texas. The Company has leased this building for one of its retail operations since the early 1990's. The property is owned as a joint venture by Charles H. Davis (father of Randall K. Davis) and Randall K. Davis. Mr. Etra wants to pursue a purchase of the property and to present the appraisal to the Board of Directors for discussion. On March 20, 2017 the Company engaged Stouffer & Associates to provide the appraisal. The Company received the appraisal on April 10, 2017 which amounted to \$710,000. At the next Board meeting Mr. Etra will present the appraisal and discuss the potential purchase of the property financed with cash and a seller issued note. Mr. Davis will not be included in any discussions related to the purchase.