FORM 10-QSB
Securities and Exchange Commission
Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 3, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number 000-24477

TITAN MOTORCYCLE COMPANY OF AMERICA
(Exact name of registrant as specified in its charter)

Nevada	86-0776876
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2222 West Peoria Avenue, Phoenix, Arizona	85029
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (602) 861-6977

(Former name,former address and former fiscal year,if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Number of shares of common stock, par value $.001, outstanding as of August 14, 1999: 17,147,333

TITAN MOTORCYCLE CO. OF AMERICA

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

TITAN MOTORCYCLE CO. OF AMERICA
Consolidated Balance Sheets

	July 3, 1999 (Unaudited)
Assets	
Current assets:	
Cash	7,290
Accounts receivable, net	5,302,180
Accounts receivable - related party	1,367,519
Inventories	13,577,177
Prepaid expenses	799,598
Total current assets	21,053,764
Property and equipment, net	1,640,157
Other assets	62,311
Trademarks	60,032
Total assets	22,816,264
Liabilities and stockholders' equity	
Current liabilities:	
Bank Overdraft	171,159
Accounts payable	4,101,192
Accrued expenses	1,126,096
Current portion of notes payable	599,993
Total current liabilities	5,998,440
Notes payable	11,181,435
Total liabilities	17,179,875
Stockholders' equity	
Common stock, par value $.001; 100,000,000 shares authorized	16,727
Additional paid in capital	8,394,607
Unearned compensation	(33,898)
Accumulated deficit	(2,741,047)
Total stockholders' equity	5,636,389
Total liabilities and stockholders' equity	22,816,264

The accompanying notes are an integral part of these financial statements.

TITAN MOTORCYCLE CO. OF AMERICA
Consolidated Statements of Operations
(Unaudited)

	Thirteen Weeks Ended July 3, 1999	Thirteen Weeks Ended July 4, 1998
Sales, net	8,451,345	7,528,946
Cost of goods sold	7,574,065	6,173,736
Gross profit	877,280	1,355,210
Operating expenses:		
Selling, general and administrative	1,359,576	988,839
Research and development	73,869	55,465
Total operating expenses	1,433,445	1,044,304
Income (loss) from operations	(556,165)	310,906
Other income (expense):		
Other income (expense)	9,060	(33,419)
Interest expense	(224,164)	(74,113)
Total other income (expense)	(215,104)	(107,532)
Income (loss) before income taxes	(771,269)	203,374
Income taxes	--	--
Net income (loss)	(771,269)	203,374
Income (loss) per common share - basic and diluted	$ (0.05)	$ 0.02

The accompanying notes are an integral part of these financial statements.

TITAN MOTORCYCLE CO. OF AMERICA
Consolidated Statements of Operations
(Unaudited)

	Twenty-Six Weeks Ended July 3, 1999	Twenty-Six Weeks Ended July 4, 1998
Sales, net	16,096,910	12,891,297
Cost of goods sold	14,059,411	10,820,713
Gross profit	2,037,499	2,070,584
Operating expenses:		
Selling, general and administrative	2,449,088	1,539,918
Research and development	113,402	112,953
Total operating expenses	2,562,490	1,652,871
Income (loss) from operations	(524,991)	417,713
Other income (expense):		
Other income (expense)	(2,683)	(34,991)
Interest expense	(423,888)	(120,409)
Total other income (expense)	(426,571)	(155,400)
Income (loss) before income taxes	(951,562)	262,313
Income taxes	--	--
Net income (loss)	(951,562)	262,313
Income (loss) per common share - basic and diluted	$ (0.06)	$ 0.02

The accompanying notes are an integral part of these financial statements.

TITAN MOTORCYCLE CO. OF AMERICA
Consolidated Statements of Cash Flows
(Unaudited)

	Twenty-Six Weeks Ended July 3, 1999	Twenty-Six Weeks Ended July 4, 1998
Cash Flows from Operating Activities:		
Net income (loss)	(951,562)	262,313
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	127,853	86,478
Stock compensation expense	4,843	--
Net change in balance sheet accounts		
Accounts receivable	(2,019,337)	(1,836,345)
Inventories	(1,793,901)	(3,518,420)
Other assets	(82,039)	(303,466)
Accounts payable	1,073,926	984,029
Accrued expenses	175,534	(14,343)
Net cash used in operating expenses	(3,464,683)	(4,339,754)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(684,451)	(64,394)
Purchase of trademarks	--	(8,083)
Net cash used in investing activities	(684,451)	(72,477)
Cash Flows from Financing Activities		
Bank overdraft	93,422	213,288
Issuance of stock	1,122,480	500,000
Borrowing from related parties	--	--
Net increase in line of credit	2,932,124	3,613,475
Net cash provided by financing activities	4,148,026	4,326,763
Net increase in cash	(1,108)	(85,468)
Cash and cash equivilants at beginning of year	8,398	85,468
Cash and cash equivilants at end of period	7,290	--
Supplemental Cash Flow Information:		
Non-cash investing and financing activities		
Stock issued in exchange for advertising		250,000

The accompanying notes are an integral part of these financial statements.

TITAN MOTORCYCLE CO. OF AMERICA
Notes to the Consolidated Financial Statements
July 3, 1999 and July 4, 1998

NOTE 1 - Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at July 3, 1999 and for all periods presented have been made.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's January 2, 1999 audited consolidated financial statements. The results of operations for the period ended July 3, 1999 are not necessarily indicative of the operating results for the full year.

NOTE 2 - Earnings Per Share

In accordance with the disclosure requirements of Statement of Financial Accounting Standards No. 128, Earnings Per Share, a reconciliation of the numerator and denominator of basic and diluted EPS is provided as follows:

	Twenty-Six Weeks Ended July 3, 1999			Twenty-Six Weeks Ended July 4, 1998		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS Net Income (Loss) available to common shareholders	($ 951,562)	16,652,744	($ 0.06)	$ 262,313	16,397,551	$ 0.02
Effects of Dilutive Securities Common stock Options	--	--	--	--	353,348	--
Diluted EPS Net Income (Loss) available to common shareholders	($ 951,562)	16,652,744	($ 0.06)	$ 262,313	16,750,899	$ 0.02

Note 3 - Note Payable

At January 2, 1999, the Company has an set based line of credit, bearing interest at prime plus .5% (8.25% at January 2, 1999) which is due monthly. The line of credit has a $10 million maximum capacity with an outstanding balance of $7,049,324 at January 2, 1999. The principal is due April 1, 2000 if the line is not renewed. Borrowings under the asset based line of credit are collateralized by a first priority security interest in substantially all of the Company's assets and are senior to all other borrowings. The unused line of credit bears interest at a rate of .25% per year due monthly. This financing agreement contains certain financial covenants and precludes capital expenditures in excess of $500,000 per year. During the year, the Company's capital expenditures exceed this amount. The Company has received a waiver for this violation.

Note 4 - Changes in Securities and use of proceeds

On February 8, 1999, the Company agreed to sell 700,000 shares of its common stock to a non-US investor for net proceeds to the Company of $1,575,000. As of the date of this report all of the proceeds of this transaction have been received. These 700,000 shares are subscribed for and certificates issued, and as such are included in the 17,147,333 shares reflected as outstanding in the financial statements filed with this report.

The transaction is deemed exempt from registration pursuant to the provisions of Regulation S adopted by the Securities and Exchange Commission. The Company reasonably believes, and the purchaser specifically warranted and represented to the Company, that (a) the purchaser was not a U.S. person as that term is defined under Regulation S; (b) at the time the buy order for the securities was originated, the purchaser was outside of the United States; (c) the purchaser was purchasing the securities for its own account and not on behalf of and U.S. person; (d) the sale had not been pre-arranged with a purchaser in the United States: (e) all offers and resales of the securities would only be made in compliance with Regulation S; and (f) the sales transaction was made in compliance with all laws of the country of domicile of the purchaser, and of any political subdivision thereof, and the customary practices and documentation of such jurisdiction. The certificates representing the shares to be issued in such transaction will bear the appropriate restrictive legend, and the transfer agent of the Company has been given stop transfer instructions with regard to shares issued under any Regulation S exemption.

No commission or finders fee was paid on the referenced transaction.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

13 Week Period Ended July 3, 1999, Compared with 13 Week Period Ended July 4, 1998

OVERALL

Net Sales for the thirteen-week period ended July 3, 1999 of $8.4 million were $0.9 million, or 12%, higher than net sales for the comparable period in 1998. The Company recorded a net loss of $771,269, or $(0.05) per share, in 1999 compared with net income of $203,374 or $0.02 per share, for 1998.

RESULTS OF OPERATIONS
MOTORCYCLE UNIT SHIPMENTS AND NET SALES

	1999	1998	INCREASE	% CHANGE
Motorcycle Units	291	270	21	8%
Net Sales (in $ 000's):				
Motorcycles	$7,744	$7,272	$ 472	6%
Motorcycle Parts and Accessories	$ 707	$ 257	$ 450	175%
Total Motorcycles and Parts	$8,451	$7,529	$ 922	12%

As indicated in the above chart, the Company's business continues to consist primarily of motorcycles sales. A small, but rapidly growing, amount of business has been done in parts and accessories. The Company's Clothing and Accessories product line, introduced in late 1997 continues to be well accepted. Parts and Accessories sales grew to approximately 8% of revenues and the Company anticipates these could grow to 10 - 20% of total sales at some future date.

The increase in motorcycle shipments is due to several reasons. Chief among them is the continuing growth in reputation of the Company's motorcycles and the resulting demand this has created. This, combined with the growth in the dealership network and the Company's investment in new facilities and staff to meet the growing demand, continues to drive the growth in shipments. The growth was constrained in second quarter due to part supply issues affecting both the existing Legacy line of motorcycles as well as the introduction of the new Phoenix line of products. These issues have been addressed and should have a minor impact on third quarter.

GROSS PROFIT

	1999	1998	DECREASE	% CHANGE
Gross Profit (In 000's)	$ 877	$ 1,355	$ 478	35%
Gross Margin %	10.4%	18.0%	7.6%	

In the thirteen-weeks ended July 3, 1999, gross profit decreased $477,999 or 35%, as compared to the comparable period in 1998. The gross profit margin was 10.4% as compared with 18.0% in 1998.

In 1999, the Company saw its cost of goods sold (COGS) negatively impacted as a result of the first year in new additional facilities and costs associated with ramping-up both the new facility and new employees in anticipation of increased production rates. These "ramping up" activities consist principally of amassing the various elements necessary to rapidly increase unit production output, including:

- adding expanded floor space for manufacturing, storage and personnel offices,
- adding staff, both hourly and salaried, throughout the organization,
- adding inventories of raw materials and work in process to support higher volume production, and
- adding production equipment to facilitate higher unit volume output.

These costs were partially offset by an aggressive cost reduction program focused primarily on component purchase costs. The Company anticipates improvement in its gross profit in 1999 as a result of significant engineering and cost reduction efforts, as well as the continued increase in customization of its products. This improvement has been slowed in 1999 by the introduction of the new "Phoenix by Titan" line of motorcycles and the start-up costs associated with its introduction. Gross margins should benefit from volume purchases of components, vertical integration, manufacturing more parts in-house, and by redesigning components of its motorcycles.

The Company's budgeted sales for the new Phoenix line of motorcycles was negatively impacted during second quarter 1999 due to parts availability from two outside suppliers. Failure to achieve anticipated Phoenix line production was a significant factor in the disparity between sales revenues and increased support costs. The lower than planned volumes in second quarter primarily impacted labor and overhead utilization resulting in a decline in gross profit margin.

OPERATING EXPENSES

	1999	1998	INCREASE	% CHANGE
Operating Expenses (In 000's)	$1,433	$1,044	$389	37%
Operating Expense as % of Sales	17.0%	13.9%	3.1%	

Total operating expense for the thirteen-week period ended July 3, 1999 increased $389,141, or 37%, over the comparable period in 1998. This increase was due to a number of causes, including, but not limited to the following principal factors listed in descending order of importance:

- o an increase in salaries and wages attributed to building both the management and support staff necessary to support a rapidly growing and significantly larger Company;
- o an increase in legal and accounting expense;
- o a substantial increase in advertising, trade show and promotional activities to build the Company's brand name and recognition, and drive higher sales levels; and
- o an increase in depreciation and amortization expense.

Each of these factors are the result of direct management action and are part of a continuing trend to expand production, marketing, facilities and product improvements. While the increases were substantial, both as a percentage of the prior year period and in actual dollars, it was in keeping with the Company's plan to continue to invest heavily in infrastructure, to position the Company for profitable growth in the second half of 1999 and the coming years.

CONSOLIDATED INCOME TAXES

The Company's effective tax rate was 0.0% in both the thirteen-week period ended July 3, 1999 and the comparable period ended July 4, 1998 as a result of losses in 1999 and use of tax loss carryforwards in 1998. The Company currently has a tax loss carry forward of approximately $2.2 million.

26 Week Period Ended July 3, 1999, Compared with 26 Week Period Ended July 4, 1998

OVERALL

Net Sales for the twenty-six week period ended July 3, 1999 of $16.1 million were $3.2 million, or 25%, higher than net sales for the comparable period in 1998. The Company recorded a net loss of $951,562, or $(0.06) per share, in 1999 compared with net income of $262,313 or $0.02 per share, for 1998.

RESULTS OF OPERATIONS
MOTORCYCLE UNIT SHIPMENTS AND NET SALES

	1999	1998	INCREASE	% CHANGE
Motorcycle Units	542	465	77	17%
Net Sales (in $ 000's):				
Motorcycles	$15,176	$12,475	$ 2,701	22%
Motorcycle Parts and Accessories	$ 921	$ 416	$ 505	121%
Total Motorcycles and Parts	$16,097	$12,891	$ 3,206	25%

As indicated in the above chart, the Company's business continues to consist primarily of motorcycles sales. A small, but rapidly growing, amount of business has been done in parts and accessories. Parts and Accessories sales approached 6% of revenue, the Company anticipates these could grow to 10 - 20% of total sales at some future date.

The increase in motorcycle shipments is due to several reasons. Chief among them is the continuing growth in reputation of the Company's motorcycles and the resulting demand this has created. This, combined with the growth in the dealership network and the Company's investment in new facilities and staff to meet the growing demand, continues to drive the growth in shipments. The growth was constrained in second quarter due to part supply issues affecting both the existing Legacy line of motorcycles as well as the introduction of the new Phoenix line of products. These issues have been addressed and should have a minor impact on third quarter.

GROSS PROFIT

	1999	1998	DECREASE	% CHANGE
Gross Profit (In 000's)	$ 2,037	$ 2,071	$ 33	(2)%
Gross Margin %	12.7%	16.1%	3.4%	

In the twenty-six weeks ended July 3, 1999, gross profit decreased $33,085 or 2%, as compared to the comparable period in 1998. The gross profit margin was 12.7% as compared with 16.1% in 1998.

In 1999, the Company saw its cost of goods sold (COGS) negatively impacted as a result of the first year in new additional facilities and costs associated with ramping-up both the new facility and new employees as the production rates grew. These "ramping up" activities consist principally of amassing the various elements necessary to rapidly increase unit production output, including:

o adding expanded floor space for manufacturing, storage and personnel offices,
o adding staff, both hourly and salaried, throughout the organization,

o adding production equipment to facilitate higher unit volume output.

These costs were partially offset by an aggressive cost reduction program focused primarily on component purchase costs. The Company anticipates improvement in its gross profit in 1999 as a result of significant engineering and cost reduction efforts, as well as the continued increase in customization of its products. This improvement has been slowed in 1999 by the introduction of the new "Phoenix by Titan" line of motorcycles and the start-up costs associated with its introduction. Gross margins should benefit from volume purchases of components, vertical integration, manufacturing more parts in-house, and by redesigning components of its motorcycles.

The Company's budgeted sales for the new Phoenix line of motorcycles was negatively impacted during second quarter 1999 due to parts availability from two outside suppliers. Failure to achieve anticipated Phoenix line production was a significant factor in the disparity between sales revenues and increased support costs.

OPERATING EXPENSES

	1999	1998	INCREASE	% CHANGE
Operating Expenses (In 000's)	$2,562	$ 1,653	$ 909	55%
Operating Expense as % of Sales	15.9%	12.8%	3.1%	

Total operating expense for the twenty-six week period ended July 3, 1999 increased $909,619, or 55%, over the comparable period in 1998. This increase was due to a number of causes, including, but not limited to the following principal factors listed in descending order of importance:

o an increase in salaries and wages attributed to building both the management and support staff necessary to support a rapidly growing and significantly larger Company;
o an increase in legal and accounting expense;
o a substantial increase in advertising, trade show and promotional activities to build the Company's brand name and recognition, and drive higher sales levels; and
o an increase in depreciation and amortization expense.

Each of these factors are the result of direct management action and are part of a continuing trend to expand production, marketing, facilities and product improvements. While the increases were substantial, both as a percentage of the prior year period and in actual dollars, it was in keeping with the Company's plan to invest heavily in infrastructure, to set the stage for profitable growth in the second half of 1999 and the coming years.

CONSOLIDATED INCOME TAXES

The Company's effective tax rate was 0.0% in both the twenty-six week period ended July 3, 1999 and the comparable period ended July 4, 1998 as a result of losses in 1999 and use of tax loss carryforwards in 1998. The Company currently has a tax loss carry forward of approximately $2.2 million.

WORKING CAPITAL MANAGEMENT
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The Company supplies motorcycles to its dealers in one of two ways. First, the dealer can specify the motorcycle completely with customized paint and selected options with a lead time of 6-8 weeks, sometimes slightly longer during peak season. Alternatively, the dealer can select a completed bike from the Company's available Finished Goods inventory list for immediate shipment or one from the current production schedule that will be available inside the normal lead time window. The Company builds some inventory (up to one month's production) of finished motorcycles during the winter months that is consumed during the spring/summer peak season. During the rest of the year the Company normally maintains a low level of finished goods inventory.

Motorcycles are typically either floored with major financial institutions by the dealer or are paid for in full prior to shipment by the Company. The Company receives payment for floored bikes within 2 weeks of shipment. During winter months the Company may provide free flooring for qualifying dealers depending on model and stock situation to help smooth shipments and keep higher levels of product available for customers.

Parts used to build the bikes are usually available with short lead times, but some parts do require up to ten weeks lead time. Due to high quality standards and reliability of delivery, the Company sets slightly higher stocking levels to assure the availability of parts to production. The Company has an ongoing program to continue to upgrade its supplier base and to selectively bring additional parts in house for production, reducing required inventory levels as well as part costs.

The Company has built a strong network of dealers both domestically and internationally. Collectively, there are approximately 88 dealers currently in place with more being added every month. There are 5 types of dealers in the Company's network; independent dealers, Easyrider stores and franchises, Bikers' Dream franchises, existing Harley DavidsonTM dealers, and Titan dealerships. To date in 1999, 4 dealers with common ownership (Titan of Los Angeles, Titan of Las Vegas, Titan of Houston and Paragon Custom dba Titan of Phoenix) represented 20% of the Company's sales. Majority ownership of these dealerships are held by principals in the Company. No other dealer represents more than 5% of sales.

As of July 3, 1999, backlog orders stood at approximately $1.4 million, compared with approximately $1.2 million at the same time in 1998. The Company is presently completing an average of more than 25 motorcycles each week. At this production volume the entire backlog can be shipped within 1 month, assuming the availability of customized options.

OTHER MATTERS

IMPACT OF YEAR 2000

The "Year 2000 Problem" exists because many existing computer programs use only two digits to refer to a year. Therefore, these programs do not properly recognize a year that begins with "20" instead of "19". If not corrected, many computer applications could fail or create erroneous results.

The Company has completed an analysis of its internal systems and the potential for issues associated with the Year 2000 problem. The Company began in 1997 to bring on-line new systems to support both operations and financial reporting requirements as part of building the infrastructure to support the Company's growth. As part of the conversion, the Company received assurances from its software suppliers that all systems are Year 2000 compliant. The Company has installed software modules that address inventory management, purchasing components, shop floor control and production scheduling, receiving, order entry, shipping and invoicing, and accounting.

Relative to areas other than information systems, the Company has investigated this area for potential problems. As the Company does not have a high degree of sophisticated equipment in its production process, the risk in this area is low and the Company has not identified any areas of non-compliance in its analysis.

With regard to third party Year 2000 issues, the Company has had, and continues to have, discussions with its supplier base (and is currently completing a survey of all suppliers), to ascertain the potential for a negative impact on the Company's operations and what steps are being taken to ensure continuity of supply of parts and service. While the Company believes its plans and actions are adequate to deal with the Year 2000 issues internally, and that it will be compliant, there is no guarantee that all suppliers and other parties that are essential to the Company's operations will similarly do so. The failure of any supplier to adequately address this issue in a timely manner will result in the Company looking to other suppliers to fill the need. While the Company is single sourced for many of its components, there are alternative suppliers for all required parts. The potential exists for a material negative effect on Company operations if a key supplier does not adequately address the issue in a timely manner. The Company will be working with all key suppliers throughout this time period to ensure continuity of supply. The Company has completed reviews of approximately half of its suppliers to date, with most reporting full compliance already in place or to be completed by the end of the third quarter 1999. The Company will continue to solicit information from suppliers that have not responded and follow up on those that have not completed their compliance activities.

The Company has also evaluated the risks associated with this problem and its customers through discussions with key dealers. As the ordering process from dealers is a manual one, and stocks of motorcycles on dealer's floors is a relatively low number (typically between 5 and 25 units), the Company and the dealers involved in these discussions believe that the Year 2000 problem will have no material impact to either the dealers or the Company.

The Company's cost to become Year 2000 compliant has been minimal and not material to this point, nor expected to be in the future. As the Company had already planned its systems conversions to facilitate its growth, there were no incremental costs associated with insuring those systems were Year 2000 compliant. As a result, costs of the effort are mainly focused on following up with suppliers to determine their level of compliance. These costs are imbedded in other activities and are not expected to be material (less than $50,000.00/year in both 1998 and 1999).

The most reasonable likely worst case Year 2000 scenario would be for a key supplier to not become compliant. If no steps were taken to address this issue, it could result in the Company's operations being shut down until the problem was resolved. As discussed above, the Company is in the process of analyzing the readiness of all its suppliers to assure continuity of supply, so the probability of such a scenario is not yet known.

As the specifics of potential problems are not yet known, a detailed contingency plan has not yet been developed. Once more information is known from the survey of vendors, a specific contingency plan for likely scenarios will be developed. The Company would anticipate this being completed by the end of the third quarter of 1999.

After identifying the likelihood of such an event, the Company would take some or all of the following steps:

- Work with the vendor to put in place a manual back-up system to assure continued supply until the vendor becomes compliant,
- Bring on-line alternate vendors with the capacity to meet 100% of the Company's supply requirements, or
- Put in place additional raw material inventory at either the vendor's location or in the Company's warehouse, or both, until continuity of supply is assured.

LIQUIDITY AND CAPITAL RESOURCES

The Company used $3.4 million of cash in operating activities in the twenty-six week period ended July 3, 1999 compared with $4.3 million in the comparable period in 1998. In first half 1999 net loss adjusted for depreciation and amortization consumed $818,816. In first half 1998 net income adjusted for depreciation and amortization provided $348,791. Inventories increased $1.8 million in the twenty-six week period in 1999 over the $3.5 million increase in the comparable period of 1998. Accounts receivable increased by $2.0 million on increased sales of $3.1 million as many of the second quarter 1999 sales were at the end of the period, and funding had not yet been received from the flooring company as of quarter end. The Company operates under a manufacturer's flooring agreement with Transamerica Financial Corp., whereby most dealers finance their motorcycle inventory directly with Transamerica Financial Corp. and the Company receives funds in a more timely manner. The contractual agreement with Transamerica Financial Corp. is at no cost to the Company, but provides for a repurchase obligation on the part of the Company should a Titan dealership fail to meet its financial obligation and Transamerica Financial Corp. seizes motorcycles in new condition upon a dealer's default. When Titan invoices a dealer using the Transamerica Financial Corp. program, a copy of the invoice is sent to Transamerica Financial Corp. by Titan, and Transamerica Financial Corp. pays the Company in full within 7 to 10 calendar days. Approximately 60-65% of all sales are currently paid for through this arrangement with Transamerica Financial Corp. The majority of the remainder are cash sales.

Capital expenditures totaled $684,451 in the twenty-six week period ended July 3, 1999 compared with $64,394 in the comparable period in 1998. These expenditures were predominantly associated with bringing on line the new manufacturing facility.

Cash was provided through the issuance and sale of stock for $1.1 million in first half of 1999 as compared with $500,000 in first half 1998. Additionally, the Company had net borrowings of $2.9 million in 1999 as compared with $3.6 million in 1998. A more detailed description of cash flows can be found in the attached financial statements.

PART II - OTHER INFORMATION

Item 5. Other Information

Union

On July 27, 1999 the Company received an order from the National Labor Relations Board (NLRB) calling for an election of all Titan production employees to determine whether Teamster's Union Local 104 will represent said employees in collective bargaining. The election is slated for mid-September 1999.

Titan of Houston

During the second quarter of 1999, BPF-LLC, a holding company beneficially owned by Patrick Keery, Barbara Keery, and Frank Keery along with an third-party investor, purchased American Biker Houston, Texas after outside Directors of the Company voted to forego such purchase on behalf of the Company. The third-party investor in the holding company is the principal of an investment banking firm that has assisted the Company in Capital raising functions. American Biker was a Titan retail dealer and continues as a dealer for the Company under the new name of Titan of Houston. Titan of Houston is continuing to sell the products of the Company under the standard dealorship contract of the Company without any special concessions of contract provisions.

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description
27	Financial Data Schedule

(b) Reports on Form 8-K

During the quarter ended July 3, 1999, and the period from July 4 through August 14, 1999, the Company filed no reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TITAN MOTORCYCLE COMPANY OF AMERICA
(Registrant)

/s/ Francis Kerry   August 16,1999

Francis Keery   Date
Chairman and CEO

/s/ Robert Lobban   August 16, 1999

Robert Lobban   Date
Chief Financial Officer

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