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 April 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 X

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 May 17, 1999: 17,147,333

TITAN MOTORCYCLE CO. OF AMERICA

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

TITAN MOTORCYCLE CO. OF AMERICA
Consolidated Balance Sheets

	April 3, 1999
Assets	(Unaudited)
Current assets:	
Cash	157,417
Accounts receivable, net	5,560,649
Accounts receivable - related party	854,419
Inventories	11,743,628
Prepaid expenses	852,077
Total current assets	19,168,190
Property and equipment, net	1,196,827
Other assets	61,311
Trademarks	60,422
Total assets	20,486,750
Liabilities and stockholders' equity	
Current liabilities:	
Bank Overdraft	25,057
Accounts payable	3,355,033
Accrued expenses	1,353,742
Current portion of notes payable	599,993
Total current liabilities	5,333,825
Notes payable	9,200,187
Total liabilities	14,534,012
Stockholders' equity	
Common stock, par value $.001; 100,000,000 shares authorized	16,727
Additional paid in capital	7,922,108
Unearned compensation	(36,320)
Accumulated deficit	(1,949,778)
Total stockholders' equity	5,952,737
Total liabilities and stockholders' equity	20,486,750

The accompanying notes are an integral part of these financial statements

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

	Thirteen Weeks Ended April 3, 1999	Thirteen Weeks Ended April 4, 1998
Sales, net	7,645,565	5,362,351
Cost of goods sold	6,485,346	4,646,976
Gross profit	1,160,219	715,375
Operating expenses:		
Selling, general and administrative	1,044,936	551,080
Research and development	84,108	57,488
Total operating expenses	1,129,044	608,568
Income (loss) from operations	31,175	106,807
Other income (expense):		
Other income (expense)	8,257	(1,572)
Interest expense	(199,724)	(46,296)
Total other income (expense)	(191,467)	(47,868)
Income (loss) before income taxes	(160,292)	58,939
Income taxes	--	--
Net income (loss)	(160,292)	58,939
Income (loss) per common share - basic and diluted	(0.01)	--
Weighted average number of common shares and equivilants		
Basic	16,467,372	16,416,823
Diluted	16,467,372	16,751,401

The accompanying notes are an integral part of these financial statements

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

	Thirteen Weeks Ended April 3, 1999	Thirteen Weeks Ended April 4, 1998
Cash Flows from Operating Activities:		
Net income (loss)	(160,292)	58,939
Adjustements to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	61,073	39,320
Stock compensation expense	2,421	--
Net change in balance sheet accounts		
Accounts receivable	(1,764,706)	(856,294)
Inventories	67,011	(1,671,626)
Other assets	(133,517)	(146,546)
Accounts payable	300,404	506,185
Accrued expenses	403,180	925,089
Net cash used in operating expenses	(1,224,426)	(1,144,933)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(174,731)	(17,236)
Purchase of trademarks	--	(8,083)
Net cash used in investing activities	(174,731)	(25,319)
Cash Flows from Financing Activities		
Bank overdraft	(52,680)	584,784
Issuance of stock	649,980	500,000
Borrowing from related parties	--	--
Net increase in line of credit	950,876	--
Net cash provided by financing activities	1,548,176	1,084,784
Net increase in cash	149,019	(85,468)
Cash and cash equivilants at beginning of year	8,398	85,468
Cash and cash equivilants at end of period	157,417	--
Supplemental Cash Flow Information:		
Cash paid for:		
Interest	244,798	5,438
Income taxes	50	--
Non-cash investing and financing activities		
stock issued in exchange for advertising		
Inventory in exchange for advertising		
Inventory in exchange for payables	27,363	

The accompanying notes are an integral part of these financial statements

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

NOTE 1 - Condensed 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 April 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 condensed 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 April 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:

	Thirteen Weeks Ended April 3, 1999			Thirteen Weeks Ended April 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	$ (160,292)	16,478,882	$ (0.01)	$ 58,939	16,416,823	$ 0.00
Effects of Dilutive Securities Common Stock Options	0	0	0	0	334,578	0
Diluted EPS						
Net Income (Loss) available to common shareholder	$ (160,292)	16,478,882	$ (0.01)	$ 58,939	16,751,401	$ 0.00

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

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

OVERALL

Net Sales for the thirteen-week period ended April 3, 1999 of $7.6 million were $2.3 million, or 43%, higher than net sales for the comparable period in 1998. The Company recorded a net loss of $160,292, or $0.01 per share, in 1999 compared with income of $58,939 or $0.00 per share, for 1998.

RESULTS OF OPERATIONS
MOTORCYCLE UNIT SHIPMENTS AND NET SALES

	1999	1998	INCREASE	% CHANGE
Motorcycle Units	251	195	56	29%
Net Sales (in $ 000's):				
Motorcycles	$7,472	$5,278	$2,194	42%
Motorcycle Parts and Accessories	$ 174	$ 84	$ 90	107%
Total Motorcycles and Parts	$7,646	$5,362	$2,284	43%

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, has been well received. While Parts and Accessories sales have not been material as yet, 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 dramatic growth in shipments.

GROSS PROFIT

	1999	1998	INCREASE	% CHANGE
Gross Profit (In 000's)	$1,160	$715	$445	62%
Gross Margin %	15.2%	13.3%	1.9%	

In the thirteen-weeks ended April 3, 1999, gross profit increased $444,844 or 62%, as compared to the comparable period in 1998, due to increased volumes and margin improvement. The gross profit margin was 15.2% as compared with 13.3% in 1998.

In 1999, the Company saw its cost of goods sold (COGS) negatively impacted as a result of the first year in new 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:

- 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 more than offset by an aggressive cost reduction program focused primarily on component purchase costs. The Company also saw improvement as the result of an improved mix of sales containing motorcycles with higher levels of customization. The 1999 margin has also been positively impacted by an average price per unit increase of 11% as the mix of bikes changed to reflect higher levels of customization on ordered units and more orders for high-end models.

The Company anticipates continuing 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 will be slowed some 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.

OPERATING EXPENSES

	1999	1998	INCREASE	% CHANGE
Operating Expenses (In 000's)	$1,129	$609	$520	85%
Operating Expense as % of Sales	14.8%	11.3%	3.5%	

Total operating expense for the thirteen-week period ended April 3, 1999 increased $520,476, or 85%, 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 1999 and the coming years.

CONSOLIDATED INCOME TAXES

The Company's effective tax rate was 0.0% in both the thirteen-week period ended April 3, 1999 and the comparable period ended April 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 $1.5 million.

WORKING CAPITAL MANAGEMENT

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, 3 dealers with common ownership (Titan of Los Angeles, Titan of Las Vegas, and Paragon Custom dba Titan of Phoenix) represented 14.8% 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 April 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 second 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 $1.2 million of cash in operating activities in the thirteen-week period ended April 3, 1999 compared with $1.1 million in the comparable period in 1998. In first quarter 1999 net loss adjusted for depreciation and amortization consumed $99,000. In first quarter 1998 net income adjusted for depreciation and amortization provided $98,000. Inventories increased $94,374 in the thirteen-week period in 1999 over the $1.7 million increase in the comparable period of 1998. Accounts receivable increased by $4.6 million on increased sales of $2.3 million as many of the first 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 $174,731 in the thirteen-week period ended April 3, 1999 compared with $17,236 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 $649,980 in first quarter 1999 as compared with $500,000 in first quarter 1998. Additionally, the Company had net borrowings of $950,876 in 1999 as compared with none in 1998. A more detailed description of cash flows can be found in the attached financial statements.

PART II - OTHER INFORMATION

ITEM 2. Change 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, but certificates are not yet 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 any 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 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 April 3, 1999, and the period from April 4 through May 17, 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 Keery
- --
Francis Keery Date
Chairman and CEO

/s/ Robert Lobban
- --
Robert Lobban Date
Chief Financial Officer

5

3-MOS

JAN-02-2000

APR-03-1999

157417

0

6415068

0

11743628

19168190

1502365

(305538)

20486750

5333825

9200187

0

0

16727

5936010

20486750

7645565

7645565

6485346

6485346

1320511

12203

199724

(160292)

0

(160292)

0

0

0

(160292)

(0.01)

(0.01)