



**Tivus, Inc.**  
**Statements of Cash Flows**

	Year Ended December 31,		July 22, 2008 (inception) through December 31, 2011
	2011	2010	
<b>OPERATING ACTIVITIES:</b>			
Net loss	\$ (819,885)	\$ (2,601,411)	\$ (7,788,760)
Adjustments to reconcile net loss to cash flows from operations:			
Amortization of discounts on notes payable	343,761	343,761	723,318
Gain / loss on revaluation of derivative liabilities	467,098	467,098	1,227,504
Loss on settlement of debt with common stock	417,000	417,000	834,000
Stock-based compensation	0	960,000	4,296,414
Operating assets and liabilities:			
Interest payable	24,528	24,528	151,617
Accounts payable and accrued expenses	449,626	449,626	899,252
Related-party accounts payable	(226,601)	(226,601)	(226,601)
Cash used in operating activities	655,527	(165,999)	(1,414,310)
<b>INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment	(505,088)	(614,323)	(1,119,411)
Cash used in investing activities	(505,088)	(614,323)	(1,119,411)
<b>FINANCING ACTIVITIES:</b>			
Proceeds from issuance of notes payable	543,300	543,300	1,518,875
Principal payments on notes payable	-	-	(67,500)
Proceeds from issuance of common stock	(679,991)	250,000	1,111,063
Cash provided by financing activities	(136,691)	793,300	2,562,438
Net increase (decrease) in cash during the period	13,748	12,978	1,221
Cash at beginning of period	14,969	1,991	-
Cash at end of period	\$ 1,221	\$ 14,969	\$ 1,221
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES:</b>			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -	\$ -
Purchases of property, plant and equipment with notes payable	\$ 62,000	\$ 62,000	\$ 62,000
Principal and interest converted to equity from notes payable	\$ 22,752	\$ 22,752	\$ 22,752

**The accompanying notes form an integral part of these financial statements.**