

TITANIUM HOLDINGS GROUP, INC. & SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31,	2006	2005
Cash flows from operating activities:		
Net income (loss)	\$ 53,234	\$ (136,005)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	16,263	19,638
Loss on sale of investment	77,535	-
Loss on equity investments	6,415	12,190
Allowance for bad debts	-	10,653
Accrued interest income	(23,043)	(18,200)
Changes in assets and liabilities net of effects of dispositions:		
Increase in accounts receivable	(70,753)	(109,184)
(Increase) decrease in prepaid expenses and taxes	124	(31,319)
Increase in inventories	(15,909)	(78,877)
Increase (decrease) in accounts payable and accrued expenses	<u>(113,618)</u>	<u>209,480</u>
Total adjustments	<u>(122,986)</u>	<u>14,381</u>
Net cash used in operating activities	<u>(69,752)</u>	<u>(121,624)</u>
Cash flows from investing activities:		
Proceeds from sale of marketable securities	60,092	451,039
Proceeds from notes receivable and accrued interest	151,850	130,988
Investment in partnerships and notes receivable	(250,000)	(325,000)
Investment in securities	-	(101,393)
Purchase of property and equipment	-	(23,735)
Proceeds from partnership distributions	148,209	50,331
Proceeds from the redemption of bonds	<u>149,990</u>	
Net cash provided by investing activities	<u>260,141</u>	<u>182,230</u>
Net increase in cash	190,389	60,606
Cash - beginning	<u>795,984</u>	<u>735,378</u>
Cash - ending	<u>\$ 986,373</u>	<u>\$ 795,984</u>
Supplemental information:		
Cash paid during the period for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ 1,537</u>	<u>\$ 6,527</u>

See Notes to Consolidated Financial Statements