

TITANIUM HOLDINGS GROUP, INC. & SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

Cash flows from operating activities:

Net income	\$ 20,429
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	12,419
Income on equity investments	(10,259)
Bad debts	170,000
Changes in assets and liabilities net of effects of dispositions:	
Decrease in accounts receivable	110,302
Decrease in prepaid expenses and taxes	7,594
Increase in inventories	(5,901)
Increase in accounts payable and accrued expenses	<u>137,511</u>
Total adjustments	<u>421,666</u>
Net cash provided by operating activities	<u>442,095</u>

Cash flows from investing activities:

Proceeds from notes receivable and accrued interest	62,088
Investment in partnerships	(300,000)
Investment in bonds	(75,005)
Purchase of property and equipment	(16,425)
Proceeds from partnership distributions	<u>286,121</u>
Net cash used in investing activities	<u>(43,221)</u>
Net increase in cash	398,874
Cash - beginning	<u>986,373</u>
Cash - ending	<u>\$ 1,385,247</u>

Supplemental information:

Cash paid during the period for:	
Interest	<u>\$ -</u>
Income taxes	<u>\$ 1,803</u>