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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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**Form 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended September 30, 2011

**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: 000-53352

**Titanium Asset Management Corp.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**777 E. Wisconsin Avenue**  
**Milwaukee, Wisconsin**  
(Address of principal executive offices)

**20-8444031**  
(I.R.S. Employer  
Identification No.)

**53202-5310**  
(Zip Code)

**(414) 765-1980**  
(Registrant's telephone number, including area code)

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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer   
Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer   
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At November 4, 2011, there were 20,634,232 shares of the registrant's common stock and 612,716 shares of restricted stock outstanding.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Titanium Asset Management Corp.  
Condensed Consolidated Balance Sheets**

	September 30, 2011	December 31, 2010
	(unaudited)	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 947,000	\$ 4,698,000
Investments	3,955,000	3,354,000
Accounts receivable	3,370,000	4,783,000
Other current assets	1,191,000	1,179,000
<b>Total current assets</b>	<u>9,463,000</u>	<u>14,014,000</u>
<b>Investments in affiliates</b>	5,802,000	5,898,000
<b>Property and equipment, net</b>	496,000	455,000
<b>Goodwill</b>	22,187,000	25,147,000
<b>Intangible assets, net</b>	17,605,000	21,605,000
<b>Total assets</b>	<u>\$ 55,553,000</u>	<u>\$ 67,119,000</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 55,000	\$ 42,000
Acquisition payments due	540,000	4,000,000
Other current liabilities	2,524,000	3,539,000
<b>Total current liabilities and total liabilities</b>	<u>3,119,000</u>	<u>7,581,000</u>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity</b>		
Common stock, \$0.0001 par value; 54,000,000 shares authorized; 20,634,232 shares issued and outstanding at September 30, 2011 and 20,442,232 shares issued and outstanding at December 31, 2010	2,000	2,000
Restricted common stock, \$0.0001 par value; 720,000 shares authorized; 612,716 issued and outstanding at September 30, 2011 and December 31, 2010	-	-
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued	-	-
Additional paid-in capital	100,971,000	100,971,000
Accumulated deficit	(48,444,000)	(41,368,000)
Other comprehensive income	(95,000)	(67,000)
<b>Total stockholders' equity</b>	<u>52,434,000</u>	<u>59,538,000</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 55,553,000</u>	<u>\$ 67,119,000</u>

See Notes to Condensed Consolidated Financial Statements contained herein and the Notes to Consolidated Financial Statements in the Titanium Asset Management Corp. Annual Report on Form 10-K for the year ended December 31, 2010 (the "2010 Form 10-K").

**Titanium Asset Management Corp.**  
**Condensed Consolidated Statements of Operations**  
**(unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
<b>Operating revenues</b>	\$ 5,390,000	\$ 5,822,000	\$ 16,292,000	\$ 17,064,000
<b>Operating expenses:</b>				
Administrative	5,491,000	5,668,000	16,258,000	18,057,000
Amortization of intangible assets	1,391,000	828,000	4,000,000	2,486,000
Impairment of goodwill	-	5,100,000	3,500,000	5,100,000
<b>Total operating expenses</b>	<b>6,882,000</b>	<b>11,596,000</b>	<b>23,758,000</b>	<b>25,643,000</b>
<b>Operating loss</b>	<b>(1,492,000)</b>	<b>(5,774,000)</b>	<b>(7,466,000)</b>	<b>(8,579,000)</b>
<b>Other income</b>				
Interest income	21,000	69,000	66,000	233,000
Gain (loss) on investments	(17,000)	54,000	(18,000)	181,000
Income (loss) from equity investees	(78,000)	167,000	342,000	611,000
Interest expense	-	-	-	(16,000)
<b>Loss before taxes</b>	<b>(1,566,000)</b>	<b>(5,484,000)</b>	<b>(7,076,000)</b>	<b>(7,570,000)</b>
<b>Income tax benefit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net loss</b>	<b>\$ (1,566,000)</b>	<b>\$ (5,484,000)</b>	<b>\$ (7,076,000)</b>	<b>\$ (7,570,000)</b>
<b>Earnings (loss) per share</b>				
<b>Basic</b>	<b>\$ (0.08)</b>	<b>\$ (0.27)</b>	<b>\$ (0.34)</b>	<b>\$ (0.37)</b>
<b>Diluted</b>	<b>\$ (0.08)</b>	<b>\$ (0.27)</b>	<b>\$ (0.34)</b>	<b>\$ (0.37)</b>
<b>Weighted average number of common shares outstanding:</b>				
<b>Basic</b>	20,634,232	20,683,824	20,634,232	20,691,303
<b>Diluted</b>	20,634,232	20,683,824	20,634,232	20,691,303

See Notes to Condensed Consolidated Financial Statements contained herein and the Notes to Consolidated Financial Statements in the 2010 Form 10-K.

**Titanium Asset Management Corp.**  
**Condensed Consolidated Statements of Comprehensive Income**  
**(unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
<b>Net loss</b>	\$ (1,566,000)	\$ (5,484,000)	\$ (7,076,000)	\$ (7,570,000)
Other comprehensive income items:				
Unrealized gains (losses) on available for sale securities	(11,000)	97,000	(32,000)	71,000
Net (gains) losses reclassified from accumulated other comprehensive income to earnings	-	(103,000)	4,000	(207,000)
Other comprehensive income items, net of tax	(11,000)	(6,000)	(28,000)	(136,000)
<b>Comprehensive loss</b>	<u>\$ (1,577,000)</u>	<u>\$ (5,490,000)</u>	<u>\$ (7,104,000)</u>	<u>\$ (7,706,000)</u>

See Notes to Condensed Consolidated Financial Statements contained herein and the Notes to Consolidated Financial Statements in the 2010 Form 10-K.

**Titanium Asset Management Corp.**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**For the Nine months ended September 30, 2011 and 2010**

	Common Stock			Restricted Shares		Additional Paid-in Capital	Retained Earnings (Deficit)	Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Shares held by TIP	Amount	Shares	Amount				
Balances at January 1, 2010	20,689,478	(124,662)	\$ 2,000	612,716	\$ -	\$ 100,332,000	\$ (27,766,000)	\$ 172,000	\$ 72,740,000
Equity compensation expense	-	-	-	-	-	46,000	-	-	46,000
Forfeiture of employee share grants	-	(50,000)	-	-	-	(185,000)	-	-	(185,000)
Redemption of common stock	(22,992)	-	-	-	-	(58,000)	-	-	(58,000)
Net loss and comprehensive loss	-	-	-	-	-	-	(7,570,000)	(136,000)	(7,706,000)
Balances at September 30, 2010	20,666,486	(174,662)	\$ 2,000	612,716	-	\$ 100,135,000	\$ (35,336,000)	\$ 36,000	\$ 64,837,000
Balances at January 1, 2011	20,442,232	-	\$ 2,000	612,716	\$ -	\$ 100,971,000	\$ (41,368,000)	\$ (67,000)	\$ 59,538,000
Issuance of common stock in connection with deferred stock grant	192,000	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	-	-	-	-	-	-	(7,076,000)	(28,000)	(7,104,000)
Balances at September 30, 2011	20,634,232	-	\$ 2,000	612,716	\$ -	\$ 100,971,000	\$ (48,444,000)	\$ (95,000)	\$ 52,434,000

See Notes to Condensed Consolidated Financial Statements contained herein and the Notes to Consolidated Financial Statements in the 2010 Form 10-K.

**Titanium Asset Management Corp.**  
**Condensed Consolidated Statements of Cash Flows**  
**(unaudited)**

	Nine months ended September 30,	
	2011	2010
<b>Cash flows from operating activities</b>		
Net loss	\$ (7,076,000)	\$ (7,570,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of intangible assets	4,000,000	2,486,000
Impairment of goodwill	3,500,000	5,100,000
Depreciation	89,000	67,000
Share compensation credit	-	(139,000)
Loss (gain) on investments	18,000	(181,000)
Income from equity investees	(342,000)	(611,000)
Income distributions from equity investees	438,000	367,000
Accretion of acquisition payments	-	16,000
Changes in assets and liabilities:		
Decrease in accounts receivable	1,413,000	1,016,000
Increase in other current assets	(12,000)	(347,000)
Increase (decrease) in accounts payable	13,000	(173,000)
Decrease in other current liabilities	(1,015,000)	(576,000)
<b>Net cash provided by (used in) operating activities</b>	<b>1,026,000</b>	<b>(545,000)</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(130,000)	(128,000)
Purchases of investments	(4,563,000)	(12,163,000)
Sales and redemptions of investments	3,916,000	15,406,000
Investments in equity investees	-	(4,000,000)
Acquisitions of subsidiaries, net of cash acquired	(4,000,000)	(1,744,000)
<b>Net cash used in investing activities</b>	<b>(4,777,000)</b>	<b>(2,629,000)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,751,000)</b>	<b>(3,174,000)</b>
<b>Cash and cash equivalents:</b>		
Beginning	4,698,000	4,773,000
Ending	\$ 947,000	\$ 1,599,000
<b>Non-cash investing and financing activities -</b>		
Additional acquisition obligations	\$ 540,000	\$ -

See Notes to Condensed Consolidated Financial Statements contained herein and the Notes to Consolidated Financial Statements in the 2010 Form 10-K.

**Titanium Asset Management Corp.**  
**Notes to Condensed Consolidated Financial Statements**  
**(unaudited)**

**Note 1 – General**

Titanium Asset Management Corp. (the “Company”) was incorporated on February 2, 2007. The Company commenced operations as a special purpose acquisition company to acquire one or more operating companies engaged in the asset management business. On October 1, 2007, the Company acquired all of the voting common stock of Wood Asset Management, Inc. (“Wood”) and all of the membership interests of Sovereign Holdings, LLC (“Sovereign”), two asset management firms. On March 31, 2008, the Company acquired all of the outstanding capital stock of National Investment Services, Inc. (“NIS”), a third asset management firm. After such business combinations, the Company ceased to act as a special purpose acquisition vehicle. On December 31, 2008, the Company acquired all of the membership interests of Boyd Watterson Asset Management, LLC (“Boyd”), a fourth asset management firm. The Company’s strategy is to manage these operating companies as an integrated business.

The accompanying unaudited interim condensed consolidated financial statements have been prepared by the Company, in accordance with accounting principles generally accepted in the United States (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) and, in the opinion of management, include all adjustments (all of which were of a normal and recurring nature) necessary for a fair statement of the information for each period contained therein.

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are based on information available as of the date of these consolidated financial statements. Actual results could differ materially from those estimates.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with Management’s Discussion and Analysis of Financial Condition and Results of Operations included herein and in the 2010 Form 10-K and the Consolidated Financial Statements and the Notes thereto included in the 2010 Form 10-K.

**Note 2 – Adoption of New Accounting Standards**

The Company’s significant accounting policies are discussed in the Notes to the Company’s Consolidated Financial Statements in the 2010 Form 10-K.

There were no new accounting standards and amendments to standards that first became effective for the fiscal year beginning January 1, 2011 and had significant impact on the Company’s financial statements.

### Note 3 – Investments

The Company's current portfolio of debt securities are accounted for as available-for-sale securities. The Company's investments in affiliates are accounted for using the equity method of accounting because the Company has significant influence over the management of the funds.

#### *Current portfolio of debt securities*

	Amortized cost	Unrealized gains	Unrealized losses	Fair value
September 30, 2011	\$ 3,966,000	\$ 11,000	\$ (22,000)	\$ 3,955,000
December 31, 2010	\$ 3,336,000	\$ 19,000	\$ (1,000)	\$ 3,354,000

Debt securities accounted for as available-for-sale and held at September 30, 2011 mature as flows:

	Amortized cost	Fair value
Within one year	\$ 2,540,000	\$ 2,524,000
After one year but within five years	\$ 1,426,000	\$ 1,431,000

The following table provides a summary of the changes in and results of investment activities. The specific identification method is used to determine the cost basis of investments sold and the realized gain or loss.

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Proceeds from sale	\$ 1,383,000	\$ 3,973,000	\$ 3,916,000	\$ 15,406,000
Gross realized gains on sales	2,000	72,000	14,000	227,000
Gross realized losses on sales	(19,000)	(18,000)	(32,000)	(46,000)
Unrealized gains (losses)	(11,000)	97,000	(32,000)	71,000
Net gains (losses) reclassified out of accumulated other comprehensive income to earnings	-	103,000	(4,000)	207,000

### Note 3 – Investments (continued)

#### *Investments in Affiliates*

Investments in affiliates include the Company's investment in the Titanium TALF Opportunity Fund (the "TALF Fund"), which it organized for its clients to invest in securities participating in the Term Asset-Backed Securities Loan Facility ("TALF") of the Federal Reserve Bank of New York. The Company is the managing member of the TALF Fund and serves as the investment manager for the TALF Fund for which it receives management fees. As of September 30, 2011, the Company's investment in the TALF Fund represented approximately 11% of the total investments in the TALF Fund. Because the Company has an equity interest in the TALF Fund and has significant influence over the TALF Fund's daily activities through its role as managing member and investment manager, the Company accounts for this investment using the equity method of accounting.

Investments in affiliates also include the Company's investment in the Titanium Absolute Return Fund (the "TARF Fund"), formerly the NIS Fixed Income Arbitrage Fund, LTD. The Company is the managing member of the TARF Fund and serves as the investment manager for the TARF Fund for which it receives management fees. As of September 30, 2011, the Company's investment in the TARF Fund represented approximately 10% of the total investments in the TARF Fund. Because the Company has an equity interest in the TARF Fund and has significant influence over the TARF Fund's daily activities through its role as managing member and investment manager, the Company accounts for this investment using the equity method of accounting.

The activity related to the Company's investment in affiliates for the nine months ended September 30, 2011 and 2010 is as follows:

Investments in affiliates at January 1, 2010	\$ 2,179,000
Additional investments	4,000,000
Equity in income of affiliates	611,000
Distributions	(367,000)
Investments in affiliates at September 30, 2010	<u>\$ 6,423,000</u>
Investments in affiliates at January 1, 2011	\$ 5,898,000
Equity in income of affiliates	342,000
Distributions	(438,000)
Investments in affiliates at September 30, 2011	<u>\$ 5,802,000</u>

#### **Note 4 – Acquisition Obligations**

In connection with the acquisitions of Wood, Sovereign, NIS and Boyd, the acquisition agreements provided for deferred fixed payments and contingent payments based on assets under management or revenues at specified future dates. As of December 31, 2010, the only remaining deferred fixed amount was the remaining \$4,000,000 obligation in connection with the Boyd acquisition. This balance was paid January 3, 2011 and 192,000 shares of common stock were issued on January 3, 2011 to satisfy all the remaining obligations related to the Boyd acquisition.

As of September 30, 2011, the only remaining deferred contingent payment is under terms of the acquisition agreement for Wood. Under this agreement, the seller will receive an additional payment based on Wood's assets under management at September 30, 2011. The maximum payment is \$2,000,000, of which up to 50% is payable in Titanium common stock. Based on assets under management as of September 30, 2011, approximately \$540,000 is due the sellers, which amount has been reflected as a liability as of September 30, 2011 and as an increase in goodwill. This liability is expected to be paid in the fourth quarter of 2011.

#### **Note 5 – Goodwill and Intangible Assets**

The Company has a referral arrangement with a hedge fund manager, Attalus Capital LLC ("Attalus"), through which it earns fees for referring clients to Attalus' investment vehicles. The Company's referral fees are generally calculated as a percentage of the fees earned by Attalus, whose fees vary based on the assets under management. Referral fee revenues from Attalus represented approximately 10% of the Company's annual revenues in 2010.

The assets managed by Attalus came under significant pressure in the fourth quarter of 2010 as a result of several factors, including Attalus' overall fee rates, the investment performance of the hedge funds managed by Attalus relative to the performance of other hedge funds, and certain changes in Attalus' management. The combination of these factors has resulted in redemptions that began in the fourth quarter of 2010 and have continued to date. Starting January 1, 2011, Attalus reduced its average fee rates, which the Company estimated, with the assistance of Attalus management, would reduce the Company's estimated referral fee revenue by 15%.

Since the fourth quarter of 2010, approximately 20% of the assets managed by Attalus for which the Company receives referral fees have been redeemed and there are currently pending redemptions for approximately 50% of the remaining assets on which the Company receives referral fees.

During April 2011, the Company was notified by Attalus of redemptions beyond those estimated in the 2010 year end goodwill assessment and a further reduction in the referral fee rates. From ensuing discussions with the management of Attalus, management became aware of additional concerns with the relationship that may impact the Company's marketing relationship beyond the current contractual period. These factors caused the Company to further reduce its long term forecast of referral fee revenues and triggered a reassessment of the carrying amount of goodwill as of March 31, 2011. In preparing updated forecasts, management increased its estimates of potential redemptions of the Attalus assets for 2011 and forecasted a continued decline in the referral fee asset base through 2015. In addition, management moderated its estimate of average fee rates based on an expected renewal of the referral contract at reduced terms. The combination of these factors caused management to reduce its estimates of future referral fees to approximately \$1.1 million per annum from approximately \$2.0 million per annum in its 2010 year end goodwill assessment. The reduction in the forecasted long-term referral fee revenues resulted in a reduced estimate of the Company's value and management concluded that the Company's goodwill balance was further impaired and recognized an impairment charge of \$3,500,000 in the three month period ended March 31, 2011. The Company continues to monitor its relationship with Attalus and the potential impact on the carrying amount of goodwill. As of September 30, 2011, the level of redemptions and the projected referral fee revenues are consistent with management's most recent forecast that was completed as of March 31, 2011.

Based on current estimates for redemptions of Attalus referred assets, the Company concluded its estimate of the remaining useful life of the NIS referral relationship intangible asset should be further reduced to approximately 3 years beginning April 1, 2011. The revision to the estimated remaining useful life will increase total annual amortization expense for 2011 to approximately \$5,360,000.

## **Note 6 – Stockholders' Equity**

The Company's authorized capital consists of 54,000,000 shares of common stock with a \$0.0001 par value, 720,000 shares of restricted common stock with a \$0.0001 par value, and 1,000,000 shares of preferred stock with a \$0.0001 par value. The restricted common stock shares carry voting rights and no rights to dividends except in the case of liquidation of the Company. The restricted common stock shares convert on a one for one basis into shares of common stock if at any time prior to March 2, 2012 the ten-day average share price of the common stock exceeds \$6.90 or if there is a change in control (as defined in the Company's certificate of incorporation). If the restricted common stock has not been converted prior to that date, all of the restricted common stock will be automatically redeemed at par value. No preferred stock had been issued at September 30, 2011.

In connection with the Company's 2007 private placement, the Company issued 20,000,000 warrants that entitled the holder to purchase one share of common stock at \$4.00 per share. All of these warrants expired in June 2011.

As part of the private placement, the Company granted an option to Sunrise Securities Corp. to acquire 2,000,000 units at a price of \$6.60 (each unit consists of one share of common stock and one warrant to acquire one share of common stock at \$4.00 per share). Subsequent to the expiration of the warrants, the options are only exercisable for one share of common stock at an exercise price of \$5.50 per share. These options expire in June 2012. At September 30, 2011, all of these options were outstanding.

## **Note 7 – Income Taxes**

At December 31, 2010, the Company had deferred tax assets of \$15,274,000 including the deferred tax benefits related to federal net operating loss carryforwards of approximately \$15,967,000 that expire between 2028 and 2030 and state net operating loss carryforwards totaling approximately \$14,823,000 that expire between 2023 and 2030.

In assessing the realizability of the Company's deferred tax assets, the Company considers all relevant positive and negative evidence in determining whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The realization of the gross deferred tax assets depends on several factors, including the generation of sufficient taxable income prior to the expiration of the net operating loss carryforwards. Pursuant to FASB guidance, a cumulative loss in recent years is a significant piece of negative evidence to be considered in evaluating the need for a valuation allowance that is difficult to overcome. Based on the pretax losses in 2008 through 2010, the Company determined that it was not appropriate to consider expected future income as the primary factor in determining the realizability of its deferred tax assets. As a result, the Company has recognized valuation allowances that fully offset the net deferred tax assets as of December 31, 2010.

Based on the continuation of cumulative losses, the Company continued to fully offset any additional deferred tax assets with additional valuation allowances during the nine months ended September 30, 2011.

## Note 8 – Earnings per Share

Basic earnings per share (“EPS”) is computed by dividing net income or loss by the weighted average shares of common stock outstanding. In addition, in periods following the acquisition of Boyd, basic weighted average shares include 192,000 shares of common stock issued to the sellers of Boyd in 2011 as their issuance was required under the Boyd acquisition agreement. Diluted EPS gives effect to all dilutive potential shares of common stock outstanding during the period. Dilutive potential shares of common stock include the incremental shares of common stock issued under the compensatory common stock grants computed using the treasury stock method. The 612,716 shares of restricted common stock have been excluded from the computation of diluted weighted average shares because their conversion terms require the ten day average share price of the common stock to exceed \$6.90 per share. In addition, the option to acquire 2,000,000 units held by Sunrise Securities Corp. is excluded from the computation of diluted weighted average shares because the effect would have been antidilutive.

The computation of basic and diluted EPS is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Basic EPS:				
Net loss	\$ (1,566,000)	\$ (5,484,000)	\$ (7,076,000)	\$ (7,570,000)
Weighted average shares of common stock outstanding	20,634,232	20,491,824	20,634,232	20,499,303
Shares of common stock to be issued in Boyd acquisition	-	192,000	-	192,000
Basic weighted average shares of common stock outstanding	20,634,232	20,683,824	20,634,232	20,691,303
Basic EPS	\$ (0.08)	\$ (0.27)	\$ (0.34)	\$ (0.37)
Diluted EPS:				
Net loss	\$ (1,566,000)	\$ (5,484,000)	\$ (7,076,000)	\$ (7,570,000)
Basic weighted average shares of common stock outstanding	20,634,232	20,683,824	20,634,232	20,691,303
Shares of common stock under compensatory common stock grants	-	-	-	14,474
Diluted weighted average shares of common stock outstanding	20,634,232	20,683,824	20,634,232	20,705,777
Diluted EPS	\$ (0.08)	\$ (0.27)	\$ (0.34)	\$ (0.37)

The diluted weighted average shares amount for the three and nine month periods ended September 30, 2011 and 2010 are provided for informational purposes, as the net loss for these periods causes basic earnings per share to be the most dilutive.

## Note 9 – Fair Value Disclosures

Under the FASB’s fair value requirements, the fair values for assets and liabilities are to be disclosed based on three levels of input: Level 1 – quoted prices in active markets for identical assets or liabilities; Level 2 – observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets or liabilities. Level 3 assets and liabilities include financial instruments, the value of which is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The Company measures the following assets at fair values on a recurring basis:

	Category used for Fair Values		
	Level 1	Level 2	Level 3
<u>Assets at September 30, 2011</u>			
Cash and cash equivalents	\$ 947,000	\$ -	\$ -
Current securities available for sale – Debt securities	-	3,955,000	-
	<u>\$ 947,000</u>	<u>\$ 3,955,000</u>	<u>\$ -</u>
<u>Assets at December 31, 2010</u>			
Cash and cash equivalents	\$ 4,698,000	\$ -	\$ -
Current securities available for sale – Debt securities	-	3,354,000	-
	<u>\$ 4,698,000</u>	<u>\$ 3,354,000</u>	<u>\$ -</u>

## **Note 10 – Contingencies**

The Company's subsidiary, Sovereign, received a letter dated July 16, 2010 from a former client demanding that Sovereign compensate it for losses related to allegedly unsuitable investments in approximately \$30 million of various auction rate securities purchased on its behalf by Sovereign. The former client has filed a claim against the underwriters for the purchased securities, but has not to this point brought a claim against Sovereign. In the interim, the Company has entered into a tolling agreement with the former client. At this preliminary stage, the Company cannot determine the potential liability of the Company or the likelihood of an unfavorable outcome. In any event, management believes the claims are without merit and will vigorously defend against them, and believes the claim would be covered by insurance (up to \$20 million), subject to the payment of deductible amounts by the Company.

On October 25, 2011, a former client of Sovereign filed suit in the State of Illinois Circuit Court against Sovereign, alleging negligence and breach of fiduciary duty on the part of Sovereign in investing the former client's assets in auction rate securities. The claim alleges, among other things, that Sovereign failed to conduct adequate due diligence into the auction rate securities purchased for the former client's account, and that the investment in auction rate securities was outside the former client's investment guidelines. The suit seeks \$4.7 million in damages, plus pre-judgment interest. Previously, the former client had made a similar claim under federal securities statutes and that claim was dismissed with prejudice on October 26, 2010. While management believes the new claim is without merit and intends to defend vigorously against this action, at this preliminary stage, management cannot determine the potential liability of the Company, the likelihood of an unfavorable outcome, or the potential cost of defense. In any event, management believes the new claim is covered by insurance, subject to the payment of deductible amounts by the Company.

The Company is from time to time involved in legal matters incidental to the conduct of its business and such matters can involve current and former employees and vendors. Management does not expect these matters would have a material effect on the Company's consolidated financial position or results of operations.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

### **FORWARD-LOOKING STATEMENTS**

*This Quarterly Report on Form 10-Q, including particularly the Management’s Discussion and Analysis of Financial Condition and Results of Operations, contains “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995, which provides a “safe harbor” for statements about future events, products and future financial performance that are based on the beliefs of, estimates made by and information currently available to the management of Titanium Asset Management Corp., a Delaware corporation (referred to as “we,” “our” or the “Company,” and, unless the context indicates otherwise, includes our wholly owned asset management subsidiaries, Wood Asset Management, Inc. (“Wood”), Sovereign Holdings LLC (“Sovereign”), National Investment Services, Inc. (“NIS”) and Boyd Watterson Asset Management, LLC (“Boyd”). We refer to Wood, Sovereign, NIS and Boyd collectively as our subsidiaries. The outcome of the events described in these forward-looking statements is subject to risks and uncertainties. Actual results and the outcome or timing of certain events may differ significantly from those projected in these forward-looking statements due to market fluctuations that alter our assets under management; termination of investment advisory agreements; loss of key personnel; loss of third-party distribution services; impairment of goodwill and other intangible assets; our inability to compete; market pressure on investment advisory fees; problems experienced in the acquisition or integration of target businesses; changes in law, regulation or tax rates; ineffective management of risk; inadequacy of insurance; changes in interest rates, equity prices, liquidity of global markets and international and regional political conditions; terrorism; changes in monetary and fiscal policy, investor sentiment and availability and cost of capital; technological changes and events; outcome of legal proceedings; changes in currency values, inflation and credit ratings; failure of our systems to properly operate; actions taken by Clal Finance Ltd., (“Clal”), as our significant stockholder; factors listed under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2010 (the “2010 Form 10-K”); and other factors listed in this Quarterly Report on Form 10-Q and from time to time in our other filings with the Securities and Exchange Commission (“SEC”). For this purpose, statements relating to integrating the operational, administrative and sales activities of our subsidiaries, earning of incentive fees, amount of future assets under management, acquisitions of additional asset management firms and payment therefor, payment of deferred consideration for the purchase of our subsidiaries and anticipated levels of future revenues, expenses or earnings, among other things; any statements using the terms “aim,” “anticipate,” “appear,” “based on,” “believe,” “can,” “continue,” “could,” “are emerging,” “estimate,” “expect,” “expectation,” “intend,” “may,” “ongoing,” “plan,” “possible” “potential,” “predict,” “project,” “should” and “would” or similar words or phrases, or the negatives of those words or phrases; or discussions of strategy, plans, objectives or goals, may identify forward-looking statements that involve risks, uncertainties and other factors that could cause our actual results, financial condition and the outcome and timing of certain events to differ materially from those projected or management’s current expectations. By making forward-looking statements, we have not assumed any obligation to, and you should not expect us to, update or revise those statements because of new information, future events or otherwise.*

The following discussion is designed to provide a better understanding of significant trends related to our consolidated financial condition and consolidated results of operations. The discussion should be read in conjunction with our condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q, as well as the Management’s Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements and Notes thereto included in our 2010 Form 10-K.

#### **General**

Our principal business is providing investment advisory services to institutional and retail clients. Our core strategy is to develop a broad array of investment management expertise to enable us to offer a full range of investment strategies to our clients. Although we manage and distribute a wide range of products and services, we operate in one business segment, namely as an investment advisor to institutional and retail clients.

Through our acquisitions, we have assembled a group of investment managers with solid long-term track records to serve as our core asset management business. Through these investment managers, we have expertise in both fixed-income and equity investment strategies and have a client base that extends from individuals to a range of institutional investors, as well as sub-advisory and referral arrangements with a variety of broker-dealers. During

2009, we extended our business to include real estate investment advisory services through the hiring of two experienced real estate investment managers. As of September 30, 2011, we had \$8.4 billion of assets under management and an additional \$0.7 billion of assets, on which we earn referral fees.

Our asset management services are typically delivered pursuant to investment advisory agreements we enter into with our clients. Investment advisory fees are generally received quarterly, based on the value of assets under management on a particular date, such as the first or last day of a quarter. Our institutional business is generally billed in arrears, whereas the retail business is generally billed in advance. The majority of our investment advisory contracts are terminable at any time or on notice of 30 days or less. The nature of these agreements, the notice periods and the billing cycles vary depending on the nature and the source of each client relationship. Our assets under management primarily consist of fixed income and equity securities. We value substantially all fixed income securities based on prices from independent pricing services. We value equity securities at the last closing price on the primary exchange on which the securities are traded. The percentage of assets under management for which we estimate fair value is not significant to the value of our total assets under management. Most of our investment advisory services are provided through the management of separate accounts. However, an increasing percentage of our services are provided through private funds, which allow us to provide our investment strategies to our institutional clients in a more cost efficient manner.

We earn incentive fees on two of the private funds, which are organized to invest in preferred stocks. Our incentive fees are measured on the absolute investment performance over a calendar year performance period, and are subject to cumulative profit thresholds. Because investment returns on preferred stocks can be volatile, the level of incentive fees earned can vary significantly from year to year.

We also have a referral arrangement with a hedge fund manager through which we earn fees for referring clients to its investment vehicles. Our referral fees are generally calculated as a percentage of the fees earned by the hedge fund manager, whose fees vary based on the assets under its management.

Our operating revenues are substantially influenced by changes to our assets under management and shifts in the distribution of assets under management among types of securities and investment strategies. Our assets under management fluctuate based primarily on our investment performance (both on an absolute basis and relative to other investment advisors) and the success of our sales and marketing efforts. A material portion of our results will be influenced by fluctuations in world financial markets. Because they comprise the largest part of our assets under management, the performance of U.S. fixed-income securities will generally have the greatest influence on our financial results.

A significant portion of our expenses, including employee compensation and occupancy, do not vary directly with operating revenues.

### ***Company History and Development***

We were incorporated in Delaware on February 2, 2007, operating as a special purpose acquisition company. Our objective was to acquire one or more operating companies engaged in asset management.

On June 21, 2007, we completed a \$120,000,000 private placement of units consisting of one share of our Common Stock and one Warrant. Clal became the holder of approximately 44.1% of our Common Stock (42.8% of our voting stock) at that time as a result of the private placement. Clal subsequently acquired more than a majority of our Common Stock on May 1, 2008 when it purchased additional outstanding shares of Common Stock from another stockholder.

We used a substantial portion of the proceeds of the private placement to acquire four asset management firms in four separate transactions. We purchased Wood and Sovereign as of October 1, 2007, we purchased NIS as of March 31, 2008, and we purchased Boyd as of December 31, 2008.

During 2009, we extended our business to include real estate investment advisory services through the hiring of two experienced real estate investment managers.

During 2010, we substantially completed the reorganization of the four acquired businesses along functional lines. The reorganization allowed us to significantly reduce our structural administrative expenses, primarily through reductions to senior management and redundant operations. Since the acquisition of Boyd at the end of 2008, we have reduced headcount from 97 to 78 and have reduced annualized administrative expenses from approximately \$25.1 million to \$20.1 million. We expect to realize the full benefit of these reductions to our structural administrative expenses in 2011 and beyond, as the severance costs and other transitional costs incurred in 2010 dissipate.

### **Market Developments**

The fixed income market performance during the three months ended September 30, 2011 was modest with the Barclay's Aggregate Index increasing 3.8%, while the equity markets reversed course with the S&P 500 Index decreasing by 13.9%. For the twelve months ended September 30, 2011, the Barclay's Aggregate Index gained 5.3% while the S&P 500 Index gained 1.2%. As a result of the market returns and positive net flows, our assets under management increased by \$309.4 million, or 4%, since December 31, 2010. Relative to the prior year period, our average assets under management for the three months ended September 30, 2011 were relatively flat resulting in modestly lower investment advisory fee revenues.

### **Assets Under Management**

Our asset management services are delivered pursuant to investment advisory agreements with fees generally determined on a quarterly basis as a percentage (or range of percentages) of either the beginning or the ending market value of the assets being managed. Our investment advisory fees vary, among other things, by investment strategy and by client type. Our average fee rates for equity investment strategies generally are higher than those for fixed income strategies. In general, our clients may terminate our services at any time with limited notice.

We manage a portion of our assets under management through private funds that are organized as limited liability companies. We believe the use of these funds allows us to provide our investment strategies to our institutional clients in a more cost effective manner. We earn incentive fees on two of the private funds, which are organized to invest in preferred stocks.

Assets under management of \$8.4 billion at September 30, 2011 were higher than the \$8.1 billion reported at December 31, 2010 due to both positive net flows and positive investment returns. The following table presents summary activity for 2011 and 2010 periods.

<i>(in millions)</i>	Three months ended		2011 vs. 2010	Nine months ended		2011 vs. 2010
	September 30,			September 30,		
	2011	2010		2011	2010	
<b>Periodic Activity:</b>						
Beginning balance	\$ 8,402.5	\$ 8,415.8	0%	\$ 8,125.0	\$ 8,151.4	0%
Inflows	473.6	324.2	46%	1,343.7	1,157.9	16%
Outflows <sup>(1)</sup>	(491.0)	(492.4)	0%	(1,308.6)	(1,284.1)	2%
Net flows	(17.4)	(168.2)	90%	35.1	(126.2)	NM
Market value change	49.3	315.2	-84%	274.3	537.6	-49%
Ending balance	\$ 8,434.4	\$ 8,562.8	-2%	\$ 8,434.4	\$ 8,562.8	-2%
Average Assets Under Management <sup>(2)</sup>	\$ 8,418.4	\$ 8,489.3	-1%	\$ 8,351.1	\$ 8,492.2	-2%
Average Fee Rate (basis points)	24.6	24.6	0%	24.5	23.9	2%

NM: Not meaningful

<sup>(1)</sup> Outflows for the three and nine month periods ended September 30, 2010 include the elimination of approximately \$100 million of advisory-only accounts whose fees are not asset-based.

<sup>(2)</sup> Average assets under management are calculated based on the quarter-end balances.

The principle factors affecting our net flows during the periods ended September 30, 2011 and 2010 include the following:

- Net flows for the 2011 period were negatively impacted by the loss of several equity accounts managed under a quantitative strategy. These accounts totaled approximately \$140 million and represented substantially all the accounts managed under this strategy. The loss of these accounts is not expected to have a significant impact on profitability as they were subject to a significant revenue sharing arrangement with the portfolio manager.
- Multiemployer pension and welfare plans represent approximately 33% of our client base, and these plans have been faced with a challenging economic environment over the last several years due to the equity market collapse of 2008 and general business conditions that affect their contribution and withdrawal levels. These factors have led to increased levels of outflows from our fixed income strategies throughout the last several years. Net flows from multiemployer pension and welfare plans were approximately \$24 million for the three months ended September 30, 2011 compared to net outflows of approximately \$15 million for the prior year period. For the nine month year-to-date periods, net flows were approximately \$84 million in 2011, compared to net flows of approximately \$23 million in 2010. The improved flows from multiemployer pensions and welfare plans reflect a slowdown in withdrawals in the 2011 periods.
- Inflows and outflows are also significantly affected by the timing of tax receipts and disbursements for several public entity accounts that we manage. While these flows can fluctuate significantly from period to period, they do not have a significant impact on our overall fees due to low or fixed fee rates.
- Net flows for nine months ended September 30, 2011 were positively impacted by the addition of approximately \$20 million of equity assets of a mutual fund for which Clal Finance serves as investment adviser, and for which we serve as sub-adviser pursuant to a sub-advisory agreement with Clal Finance.

Market value changes reflect our investment performance. Fixed income assets comprised approximately 91% of our total assets under management at September 30, 2011. Fixed income returns as measured by the Barclay's Aggregate Index were 3.8% for the three months ended September 30, 2011 and 6.7% for the year-to-date period ended September 30, 2011 (for the comparable 2010 periods the returns were 2.5% and 8.0%, respectively). Approximately 50% of our fixed income assets with defined performance benchmarks outperformed their respective benchmarks for the nine months ended September 30, 2010.

Equity assets comprised approximately 7% of our total assets under management at September 30, 2011. Equity returns as measured by the S&P 500 Index were -13.9% for the three months ended September 30, 2011 and -8.7% for the year-to-date period ended (for the comparable 2010 periods the returns were 11.3% and 3.9%, respectively). Approximately 40% of our equity assets outperformed their respective benchmarks for the nine months ended September 30, 2011.

The following table presents summary breakdowns for our assets under management at September 30, 2011 and December 31, 2010.

<i>(in millions)</i>	September 30, 2011	% of total	December 31, 2010	% of total
By investment strategy:				
Fixed income	\$ 7,672.7	91%	\$ 7,137.4	88%
Equity	560.9	7%	781.3	10%
Real estate	200.8	2%	206.3	2%
Total	<u>\$ 8,434.4</u>	<u>100%</u>	<u>\$ 8,125.0</u>	<u>100%</u>
By client type:				
Institutional	\$ 7,259.6	86%	\$ 6,902.8	85%
Retail	1,174.8	14%	1,222.2	15%
Total	<u>\$ 8,434.4</u>	<u>100%</u>	<u>\$ 8,125.0</u>	<u>100%</u>
By investment vehicle:				
Separate accounts	\$ 7,595.0	90%	\$ 7,246.9	89%
Private funds	839.3	10%	878.1	11%
Total	<u>\$ 8,434.4</u>	<u>100%</u>	<u>\$ 8,125.0</u>	<u>100%</u>

Our mix of assets under management by investment strategy was relatively unchanged as fixed income assets comprised 91% of total assets under management at September 30, 2011, compared to 88% at December 31, 2010.

Our mix of assets under management by client type was relatively unchanged as institutional accounts comprised 86% of total assets under management as of September 30, 2011 compared to 85% at December 31, 2010.

Our mix of assets under management by investment vehicle was relatively unchanged as separate accounts comprised 90% of total assets under management as of September 30, 2011 compared to 89% at December 31, 2010.

From September 30, 2011 through October 31, 2011, our aggregate assets under management increased by 1% to \$8.5 billion, primarily as a result of positive market returns.

We earn referral fees on clients referred to Attalus Capital LLC (“Attalus”), a hedge fund manager with whom we have a referral arrangement. The assets managed by Attalus under this arrangement decreased from \$894.4 million at December 31, 2010 to \$736.5 million at September 30, 2011, primarily due to client redemptions. The activity related to these assets was as follows:

<i>(in millions)</i>	For the three months ended September 30,			For the nine months ended September 30,		
	2011	2010		2011	2010	
<b>Periodic Activity:</b>						
Beginning balance	\$ 814.7	\$ 955.6	-15%	\$ 894.4	\$ 974.9	-8%
Inflows	-	-	NM	8.2	24.2	-66%
Outflows	(80.1)	-	NM	(163.5)	-	NM
Market value change	1.9	41.9	-95%	(2.5)	(1.6)	-56%
Ending balance	\$ 736.5	\$ 997.5	-26%	\$ 736.5	\$ 997.5	-26%
Average Assets Under Management	\$ 775.6	\$ 976.6	-21%	\$ 838.5	\$ 980.0	-14%
Average Referral Fee Rate (basis points)	10.5	24.7	-43%	15.0	24.8	-40%
NM: Not meaningful						

The assets managed by Attalus came under significant pressure in the fourth quarter of 2010 as a result of several factors, including Attalus’ overall fee rates, the investment performance of the hedge funds managed by Attalus relative to the performance of other hedge funds, and certain changes in Attalus’ management. Starting January 1, 2011, Attalus reduced its average fee rates. The reduction in their fees reduced our average referral rate from approximately 24.6 basis points to 15.0 points and reduced our annualized referral fees by approximately \$850,000.

Since the fourth quarter of 2010, the outflows from redemptions have totaled approximately \$280 million (representing approximately \$450,000 of annualized referral fees). Based on the most recent information from Attalus, current pending redemption requests total approximately \$350 million (representing approximately \$460,000 of annualized referral fees) that may occur in the third and fourth quarters. If all of these additional redemptions occur as scheduled, they would further reduce our annualized referral fees to approximately \$650,000.

Attalus and our client service personnel have been actively communicating with our mutual clients regarding Attalus’ investment strategies, the changes in Attalus’ management, and the reduction in Attalus’ fees in efforts to limit the redemptions. During the first nine months of 2011, Attalus’ relative investment performance has improved.

## Results of Operations

### Consolidated Results of Operations

	Three months ended		2011 vs. 2010	Nine months ended		2011 vs. 2010
	September 30,			September 30,		
	2011	2010		2011	2010	
<b>Operating revenues</b>	\$ 5,390,000	\$ 5,822,000	-7%	\$16,292,000	\$17,064,000	-5%
<b>Operating expenses:</b>						
Administrative	5,491,000	5,668,000	-3%	16,258,000	18,057,000	-10%
Amortization of intangible assets	1,391,000	828,000	68%	4,000,000	2,486,000	61%
Impairment of goodwill	-	5,100,000	-100%	3,500,000	5,100,000	-31%
<b>Total operating expenses</b>	6,882,000	11,596,000	-41%	23,758,000	25,643,000	-7%
<b>Operating loss</b>	(1,492,000)	(5,774,000)	74%	(7,466,000)	(8,579,000)	13%
<b>Other income and expense</b>	(74,000)	290,000	NM	390,000	1,009,000	-61%
<b>Net income (loss)</b>	\$ (1,566,000)	\$ (5,484,000)	71%	\$ (7,076,000)	\$ (7,570,000)	7%
<b>Net income (loss) per share</b>						
basic	\$ (0.08)	\$ (0.27)	70%	\$ (0.34)	\$ (0.37)	8%
diluted	\$ (0.08)	\$ (0.27)	70%	\$ (0.34)	\$ (0.37)	8%

NM: Not meaningful

The decrease in the net loss for the three months ended September 30, 2011 compared to the three months ended September 30, 2010 is primarily attributable to the following:

- A decrease in operating revenues of \$432,000 primarily as a result of reduced referral fees. The reduction in referral fees reflects both a reduction in assets under management under the referral arrangement and a reduction in fees charged by the hedge fund manager.
- A decrease in administrative expenses of \$177,000, despite incurring \$469,000 of severance costs in the 2011 period. The other reductions reflect cost savings in substantially all expense categories.
- An increase in amortization charges of \$563,000, reflecting the reduced remaining estimated life for the referral relationship intangible asset.
- A goodwill impairment charge of \$5,100,000 recognized in the third quarter of 2010.
- A decrease in other income of \$364,000 primarily as a result of losses incurred on our investments in two managed funds.

The decrease in the net loss for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010 is primarily attributable to the following:

- A decrease in operating revenues of \$772,000 primarily as a result of reduced referral fees. The reduction in referral fees reflects both a reduction in assets under management under the referral arrangement and a reduction in fees charged by the hedge fund manager.
- A decrease in administrative expenses of \$1,799,000. The reduction reflects cost savings in substantially all expense categories as well as a \$344,000 reduction in severance provisions incurred in the respective periods.
- An increase in amortization charges of \$1,514,000, reflecting the reduced remaining estimated life for the referral relationship intangible asset.
- A \$1,600,000 reduction in goodwill impairment charges in 2011 compared to 2010.
- A \$619,000 decrease in other income primarily as a result of reduced levels of invested assets and lower returns from our investments in two managed funds.

In evaluating operating performance, we consider operating income and net income, which are calculated in accordance with accounting principles generally accepted in the United States (“GAAP”), as well as Adjusted EBITDA, an internally derived non-GAAP performance measure. We define Adjusted EBITDA as operating income or loss before non-cash charges for amortization and impairment of intangible assets and goodwill, depreciation, and share compensation expense. We believe Adjusted EBITDA is useful as an indicator of our ongoing performance and our ability to service debt, make new investments, and meet working capital requirements. Adjusted EBITDA, as we calculate it, may not be consistent with computations made by other companies. We believe that many investors use this information when analyzing the operating performance, liquidity, and financial position of companies in the investment management industry.

The following table provides a reconciliation of operating loss to the Adjusted EBITDA deficit for the periods ended September 30, 2011 and 2010.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Operating loss	\$ (1,492,000)	\$ (5,774,000)	\$ (7,466,000)	\$ (8,579,000)
Amortization of intangible assets	1,391,000	828,000	4,000,000	2,486,000
Impairment of goodwill	-	5,100,000	3,500,000	5,100,000
Depreciation expense	34,000	20,000	89,000	67,000
Share compensation credit	-	-	-	(139,000)
<b>Adjusted EBITDA (deficit)</b>	<b>\$ (67,000)</b>	<b>\$ 174,000</b>	<b>\$ 123,000</b>	<b>\$ (1,065,000)</b>

Adjusted EBITDA deficit for the three months ended September 30, 2011 includes severance costs of \$469,000. Excluding severance costs, our Adjusted EBITDA for the three months ended September 30, 2011 would have been \$402,000, an increase of \$228,000, or 131%, over the comparable 2010 period. Excluding severance costs, our Adjusted EBITDA for the nine months ended September 30, 2011 would have been \$592,000. Adjusted EBITDA deficit for the nine months ended September 30, 2010 includes severance costs of \$813,000. Excluding severance costs, our Adjusted EBITDA deficit for the nine months ended September 30, 2010 would have been \$252,000. The improvement to EBITDA in the 2011 periods primarily reflects the cost reductions, offset in part by the decrease in referral fee revenue.

### *Operating Revenues*

Our operating revenues include investment advisory fees received for the management of assets within separate accounts and private funds. Our operating revenues also include referral fees earned in connection with NIS’s referral arrangement with Attalus. Operating revenues decreased by \$432,000, or 7%, in the three months ended September 30, 2011 and by \$772,000, or 5%, for the nine months ended September 30, 2011 primarily due to decreases in referral fee revenue. The changes by revenue category are more fully described below.

	Three months ended		2011 vs.	Nine months ended		2011 vs.
	September 30,			September 30,		
	2011	2010	2010	2011	2010	2010
Investment advisory fees	\$ 5,186,000	\$ 5,220,000	-1%	\$ 15,347,000	\$ 15,240,000	1%
Referral fees	204,000	602,000	-66%	945,000	1,824,000	-48%
<b>Total operating revenues</b>	<b>\$ 5,390,000</b>	<b>\$ 5,822,000</b>	<b>-7%</b>	<b>\$ 16,292,000</b>	<b>\$ 17,064,000</b>	<b>-5%</b>

For the three month periods, our investment advisory fees decreased by \$34,000, or 1%, due to a modest decrease in the average assets under management. For the nine month periods, our investment advisory fees increased by \$107,000, or 1%, due to a modest increase in the average fee rate.

The \$398,000 decrease in referral fees for the three months ended September 30, 2011 reflects both a 43% decrease in our average referral fees due to Attalus’ reduction in its fees and a 21% decrease in Attalus’ average

assets under management. The \$879,000 decrease in referral fees for the nine months ended September 30, 2011 reflects both a 40% decrease in our average referral fees due to Attalus' reduction in its fees and a 14% decrease in Attalus' average assets under management.

Since the fourth quarter of 2010, the outflows from redemptions have totaled approximately \$280 million (representing approximately \$450,000 of annualized referral fees). Based on the most recent information from Attalus, current pending redemption requests total approximately \$350 million (representing approximately \$460,000 of annualized referral fees) that may occur in the third and fourth quarters. If all these additional redemptions occur as scheduled, they would further reduce our annualized referral fees to approximately \$650,000.

Attalus and our client service personnel have been actively communicating with our mutual clients regarding Attalus' investment strategies, the changes in Attalus' management, and the reduction in Attalus' fees in efforts to limit the redemptions. During the nine months of 2011, Attalus' relative investment performance has improved.

We also receive incentive fees on an annual basis from the management of two of the private funds that invest in preferred stocks. Because investment returns on preferred stocks can be volatile, the level of incentive fees earned can vary significantly from year to year. These fees generally are based on a calendar year performance period and we recognize the fees at the conclusion of the performance period. In 2010, we earned incentive fees of \$689,000, which were recognized in December 2010. Based on performance through September 30, 2011, we would have earned incentive fees of approximately \$150,000.

#### *Administrative Expenses*

Administrative expenses for the three month period ended September 30, 2011 decreased by \$177,000, or 3%, compared to the 2010 period, despite incurring additional severance costs of \$469,000 in the three months ended September 30, 2011. The remaining decrease reflects reductions in substantially all expense categories. Administrative expenses for the nine month period ended September 30, 2011 decreased by \$1,799,000, or 10% compared to the 2010 period. Administrative expenses for the nine month periods include severance costs of \$469,000 in the 2011 period and \$813,000 for the 2010 period. The changes by expense category are more fully described below.

	Three months ended		2011 vs. 2010	Nine months ended		2011 vs. 2010
	September 30,			September 30,		
	2011	2010		2011	2010	
Employee compensation:						
Cash compensation	\$ 3,326,000	\$ 3,368,000	-1%	\$ 9,641,000	\$11,081,000	-13%
Share-based compensation	-	-	0%	-	(139,000)	NM
Total compensation	3,326,000	3,368,000	-1%	9,641,000	10,942,000	-12%
Third party distribution expense	348,000	291,000	20%	986,000	902,000	9%
Investment management expense	402,000	521,000	-23%	1,200,000	1,479,000	-19%
Legal, audit, and other professional fees	368,000	357,000	3%	1,119,000	1,347,000	-17%
Occupancy	283,000	311,000	-9%	833,000	969,000	-14%
Other administrative expenses	764,000	820,000	-7%	2,479,000	2,418,000	3%
<b>Total administrative expenses</b>	<b>\$ 5,491,000</b>	<b>\$ 5,668,000</b>	<b>-3%</b>	<b>\$16,258,000</b>	<b>\$18,057,000</b>	<b>-10%</b>

NM: Not meaningful

Cash compensation includes salaries and wages, sales incentives and other cash bonuses, and other payroll related taxes and benefits. For the three months ended September 30, 2011, cash compensation includes severance costs of \$469,000. Excluding these severance costs, ongoing cash compensation was \$2,857,000 which reflects a decrease of \$511,000, or 15%, relative to the 2010 ongoing cash compensation. Cash compensation for both the 2011 and 2010 nine month periods include severance costs of \$469,000 and \$813,000, respectively. Excluding these severance costs, ongoing cash compensation for the 2011 nine month period was \$9,172,000 which reflects a

decrease of \$1,096,000, or 11%, relative to the 2010 ongoing cash compensation of \$10,268,000. The other reductions to ongoing cash compensation reflect reduced headcounts and reduced benefit plan provisions.

The credit for share-based compensation in the nine month period ended September 30, 2010 reflects the forfeiture of a share grant and the reversal of previously recognized compensation expense. There are no remaining outstanding stock awards.

Third party distribution expense represents payments made to broker-dealer networks and other outside sales commissions.

Investment management expense includes pricing, trading, compliance, and other investment management service costs and subadvisory service fees for outside assistance in the management of certain asset classes. The decreases reflect lower carried fund expenses and lower service costs resulting from integration activities.

The decrease in legal, audit, and other professional fees over the nine months ended September 30, 2011 primarily reflects reduced legal and audit services.

Other administrative expenses include travel and other marketing related expenses, insurance expense, and other operating expenses. The increase in other administrative expenses primarily reflects increased insurance coverage.

#### ***Amortization of Intangible Assets and Impairment of Goodwill***

Amortization of intangible assets is recognized in periods following acquisitions based on the estimated useful lives of the respective assets. For the three month period ended September 30, 2011, amortization expense increased by \$563,000 and for the nine months ended September 30, 2011, amortization expense increased by \$1,514,000. The increase in amortization expense in 2011 reflects revisions to the remaining estimated useful life of the intangible asset related to the referral fee relationship based on the recent increased levels of redemptions. Based on the most recent redemptions Attalus referral assets, we concluded that our estimate of the remaining useful life of the NIS referral relationship intangible asset should be further reduced to approximately 3 years beginning April 1, 2011. As a result, we expect that the total annual amortization expense for 2011 will increase to approximately \$5,360,000.

The assets managed by Attalus came under significant pressure in the fourth quarter of 2010 as a result of several factors, including Attalus' overall fee rates, the investment performance of the hedge funds managed by Attalus relative to the performance of other hedge funds, and certain changes in Attalus' management. The combination of these factors has resulted in redemptions that began in the fourth quarter of 2010 and have continued to date. Starting January 1, 2011, Attalus reduced its average fee rates, which we estimated, with the assistance of Attalus management, would reduce our estimated referral fee revenue by 15%.

Since the fourth quarter of 2010, approximately 20% of the assets managed by Attalus for which we receive referral fees have been redeemed and there are currently pending redemptions for approximately 50% of the remaining assets on which we receive referral fees.

During April 2011, we were notified by Attalus of redemptions beyond those estimated in our 2010 year end goodwill assessment and a further reduction in our referral fee rates. From ensuing discussions with the management of Attalus, we became aware of additional concerns with the relationship that may impact our marketing relationship beyond the current contractual period. These factors caused us to further reduce our long term forecast of referral fee revenues and triggered a reassessment of the carrying amount of goodwill as of March 31, 2011. In preparing updated forecasts, we increased our estimates of potential redemptions of the Attalus assets for 2011 and forecasted a continued decline in the referral fee asset base through 2015. In addition, we moderated our estimate of average fee rates based on an expected renewal of the referral contract at reduced terms. The combination of these factors caused us to reduce our estimates of future referral fees to approximately \$1.1 million per annum from approximately \$2.0 million per annum in our 2010 year end goodwill assessment. The reduction in the forecasted long-term referral fee revenues resulted in a reduced estimate of our value and we concluded that our goodwill balance was further impaired and recognized an impairment charge of \$3,500,000 in the three month

period ended March 31, 2011. We continue to monitor our relationship with Attalus and the potential impact on the carrying amount of goodwill. As of September 30, 2011, the level of redemptions and the projected referral fee revenues are consistent with our most recent forecast that was completed as of March 31, 2011.

### *Other Income and Expense*

Other income and expense includes investment income from the investment of excess cash balances offset by interest expense that represents accretion of discounted acquisition obligations.

	Three months ended		2011 vs. 2010	Nine months ended		2011 vs. 2010
	September 30,			September 30,		
	2011	2010		2011	2010	
Interest income	\$ 21,000	\$ 69,000	-70%	\$ 66,000	\$ 233,000	-72%
Realized gains (losses) on investments	(17,000)	54,000	NM	(18,000)	181,000	NM
Income (loss) from equity investees	(78,000)	167,000	NM	342,000	611,000	- 44%
Interest expense	-	-	0%	-	(16,000)	NM
<b>Total other income (expense)</b>	<b>\$ (74,000)</b>	<b>\$ 290,000</b>	<b>NM</b>	<b>\$ 390,000</b>	<b>\$ 1,009,000</b>	<b>-61%</b>

NM: Not meaningful

We earn interest income and realize investment gains on a portfolio of debt securities managed to enhance our yield on cash not immediately needed for operations. The decrease in interest income and realized gains for 2011 reflects a reduction in the average level of assets in the portfolio. The average level of assets invested in the portfolio has decreased due to the use of \$5,000,000 in 2010 to invest in two of our private funds, to pay \$5,744,000 in acquisition obligations during 2010, and to pay \$4,000,000 in acquisition obligations in 2011.

Income from equity investees represents our share of the net income of two investments in affiliates.

Our investment in affiliates includes an investment in the Titanium TALF Opportunity Fund (the “TALF Fund”), which we organized for our clients to invest primarily in securities participating in the Term Asset-Backed Securities Loan Facility of the Federal Reserve Bank of New York. We are the managing member of the TALF Fund and serve as the investment manager for the TALF Fund for which we receive management fees. As of September 30, 2011, our investment in the TALF Fund represents approximately 11% of the net assets in the TALF Fund. Because we have an equity interest in the TALF Fund and have significant influence over the TALF Fund’s daily activities through our role as managing member and investment manager, we account for this investment using the equity method of accounting.

Our investment in affiliates also includes our investment in the Titanium Absolute Return Fund (formerly, the NIS Fixed Income Arbitrage Fund, LTD.) (the “TARF Fund”). We are the managing member of the TARF Fund and serve as the investment manager for the TARF Fund for which we receive management fees. As of September 30, 2011, our investment in the TARF Fund represents approximately 10% of the net assets in the TARF Fund. Because we have an equity interest in the TARF Fund and have significant influence over the TARF Fund’s daily activities through our role as managing member and investment manager, we account for this investment using the equity method of accounting.

### ***Liquidity and Capital Resources***

At September 30, 2011, we had \$10,704,000 of funds available consisting of \$947,000 of cash and cash equivalents, \$3,955,000 of securities available for sale, and \$5,802,000 invested in the two private funds that we manage. At December 31, 2010, these combined balances were \$13,950,000. The \$3,246,000 reduction primarily reflects the final payment of \$4,000,000 in connection with the Boyd acquisition, offset in part by cash generated from operations.

	Nine months Ended September 30,	
	2011	2010
Net cash provided by (used in) operating activities	\$ 1,026,000	\$ (545,000)
Net cash used in investing activities	\$ (4,777,000)	\$ (2,629,000)

Net cash provided by operating activities was \$1,026,000 for 2011, an increase of \$1,571,000 compared to the net cash used in operating activities in 2010. The improvement primarily reflects the reductions in administrative expenses.

Net cash used in investing activities in 2011 primarily reflects the use of \$4,000,000 for the final payment related to the acquisition of Boyd and a \$646,000 net increase in invested assets. Net cash used in investing activities in 2010 primarily reflects the use of \$4,000,000 for additional investments in two private funds that we manage and payments of \$1,744,000 for the final payment of acquisition obligations related to our acquisitions of NIS and Sovereign, partially offset by a \$2,559,000 net decrease in other invested assets.

In connection with the acquisitions of Wood, Sovereign, NIS and Boyd, the acquisition agreements provided for deferred fixed payments and contingent payments based on assets under management or revenues at specified future dates. As of December 31, 2010 the only remaining deferred fixed amount was the remaining \$4,000,000 obligation in connection with the Boyd acquisition. This balance was paid January 3, 2011.

As of September 30, 2011, the only remaining deferred contingent payment is under terms of the acquisition agreement for Wood. Under this agreement, the seller will receive an additional payment based on Wood's assets under management at September 30, 2011. The maximum payment is \$2,000,000, of which up to 50% is payable in Titanium common stock. Based on assets under management as of September 30, 2011, approximately \$540,000 is due the sellers, which amount has been reflected as a liability as of September 30, 2011 and as an increase in goodwill. This liability is expected to be paid in the fourth quarter of 2011.

We believe our current level of cash and cash equivalents and short-term securities available for sale are sufficient to fund our ongoing operations, to fund current obligations under our completed acquisitions, to fund the expected cash portion of contingent payments due under our completed acquisitions, and to provide consideration for additional acquisitions. We may fund future acquisitions (if any) partly through issuance of additional common stock, although we may incur bank debt as well.

### ***Critical Accounting Policies***

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of these statements requires us to make judgments and estimates. Some accounting policies have a significant impact on amounts reported in these financial statements. A summary of significant accounting policies and a description of critical accounting estimates may be found in our 2010 Form 10-K in the Notes to the Consolidated Financial Statements and the Critical Accounting Estimates section of Management's Discussion and Analysis of Financial Condition and Results of Operations.

## **Recent Accounting Pronouncements**

There were no new accounting standards and amendments to standards that first became effective for the fiscal year beginning January 1, 2011 and had significant impact on the Company's financial statements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable.

### **Item 4. Controls and Procedures**

*Evaluation of disclosure controls and procedures.* Based on the evaluation of our disclosure controls and procedures (as defined in the Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), required by Exchange Act Rules 13a-15(b) or 15d-15(b)), our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designated to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

*Changes in internal control over financial reporting.* There were no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

For information regarding legal proceedings related to the Company, see *Note 10 – Contingencies*.

**Item 1A. Risk Factors**

Not applicable.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. (Removed and Reserved)**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
31.1	Chief Executive Officer Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	Chief Financial Officer Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
* Furnished with this quarterly report on Form 10-Q are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets at September 30, 2011 and December 31, 2010, (ii) the Condensed Consolidated Statements of Operations for the three and nine month periods ended September 30, 2011 and 2010, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and nine month periods ended September 30, 2011 and 2010 (iv) the Consolidated Statements of Changes in Stockholders' Equity for the nine month periods ended September 30, 2011 and 2010, (v) the Condensed Consolidated Statements of Cash Flows for the nine month periods ended September 30, 2011 and 2010, and (vi) Notes to Condensed Consolidated Financial Statements.	

**SIGNATURES**

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

TITANIUM ASSET MANAGEMENT CORP.

November 14, 2011

By: /s/ Robert Brooks

Name: Robert Brooks

Title: Chief Executive Officer (Principal Executive Officer)

November 14, 2011

By: /s/ Jonathan Hoenecke

Name: Jonathan Hoenecke

Title: Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

## EXHIBIT INDEX

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)  
AS ADOPTED PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Brooks, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Titanium Asset Management Corp. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Dated: November 14, 2011

/s/ Robert Brooks \_\_\_\_\_  
Robert Brooks  
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)  
AS ADOPTED PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jonathan Hoenecke, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Titanium Asset Management Corp. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Dated: November 14, 2011

/s/ Jonathan Hoenecke  
Jonathan Hoenecke  
Chief Financial Officer

**CERTIFICATION  
PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Titanium Asset Management Corp. (the "Registrant") on Form 10-Q for the quarter ended September 30, 2011, as filed with the Securities and Exchange Commission as of the date hereof (the "Report"), I, Robert Brooks, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: November 14, 2011

/s/ Robert Brooks  
Robert Brooks  
Chief Executive Officer

**CERTIFICATION  
PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Titanium Asset Management Corp. (the "Registrant") on Form 10-Q for the quarter ended September 30, 2011, as filed with the Securities and Exchange Commission as of the date hereof (the "Report"), I, Jonathan Hoenecke, Chairman and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: November 14, 2011

/s/ Jonathan Hoenecke  
Jonathan Hoenecke  
Chief Financial Officer