

Turnaround Partners, Inc.  
Form 10QSB  
May 21, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE  
ACT OF 1934

For the quarterly period ended March 31, 2007.

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE  
EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-28606

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TURNAROUND PARTNERS, INC.  
(formerly EMERGE CAPITAL CORP.)  
(Exact name of small business issuer as specified in its charter)

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DELAWARE 22-3387630  
(State or other jurisdiction of (I.R.S. Employer  
Incorporation or organization) Identification No.)

109 North Post Oak Lane, Suite 422  
Houston, TX 77024  
(Address of principal executive offices, including area code)

713-621-2737  
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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The number of shares outstanding of our common stock at April 10, 2007 was 49,436,256.

Transitional Small Business Disclosure Format (check one):  Yes  No

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TURNAROUND PARTNERS, INC.  
(formerly EMERGE CAPITAL CORP.)

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**PART I - FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS**

**TURNAROUND PARTNERS, INC. AND SUBSIDIARIES**  
**(formerly Emerge Capital Corp and Subsidiaries)**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**March 31, 2007**  
**(Unaudited)**

**ASSETS****CURRENT ASSETS**

Cash and cash equivalents	\$	1,131,369
Restricted cash		98,452
Notes and accounts receivable		325,870
Investment in marketable securities		256,991
Due from affiliate		128,066
Prepaid expense and deferred financing costs		245,010
Total current assets		2,185,758

**NONCURRENT ASSETS**

Investment in real estate partnership and other investments		4,543,005
Fixed assets, net		65,846
Total noncurrent assets		4,608,851

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>6,794,609</b>
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**LIABILITIES AND SHAREHOLDERS' DEFICIT****CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$	678,297
Convertible debentures--net of \$236,568 discount		1,480,628
Notes payable		165,565
Unearned income		130,555
Series C Preferred stock including associated paid in capital; liquidation preference of \$373,500, redeemable at \$1,500 per share at Company option, cumulative dividends of \$120 per share per year, non-voting, par value \$.01, 1,000 shares authorized, 249 shares issued and outstanding		220,547
Derivative liability		777,058
Total current liabilities		3,452,650
Convertible debentures--net of \$1,457,090 discount		5,167,910
Notes payable		146,628
Accrued interest payable		612,764
Total liabilities		9,379,952

**COMMITMENTS AND CONTINGENCIES**

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**TURNAROUND PARTNERS, INC. AND SUBSIDIARIES**  
**(formerly Emerge Capital Corp and Subsidiaries)**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**March 31, 2007**  
**(Unaudited)**  
**(Continued)**

**SHAREHOLDERS' DEFICIT**

Preferred Stock, par value \$.01, 2,000,000 shares authorized:	
Series A Convertible Preferred Stock, noncumulative, \$.01 par value; 400,000 shares authorized; none issued	-
Series B Convertible Preferred Stock, \$.01 par value; 100,000 shares authorized; 6,666 shares issued and outstanding; no liquidation or redemption value	67
Series D Convertible Preferred Stock, 100,000 shares authorized; 700 shares issued and outstanding; no liquidation or redemption value	7
Common stock, \$.001 par value; 900,000,000 shares authorized; 39,784,753 shares issued and outstanding	39,785
Additional paid-in capital	855,317
Retained deficit	(3,480,519)
Total shareholders' deficit	(2,585,343)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>	<b>\$ 6,794,609</b>

See accompanying Notes to Condensed Consolidated Financial Statements  
(unaudited)

**TURNAROUND PARTNERS, INC. AND SUBSIDIARIES**  
**(formerly Emerge Capital Corp and Subsidiaries)**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	<b>Three months ended March 31,</b>	
	<b>2007</b>	<b>2006 (restated)</b>
<b>REVENUE</b>		
Discount income	\$ -	\$ 9,668
Consulting revenue	213,867	171,250
Marketable securities gain	21,500	664,615
Fee income	17,500	20,000
Total revenue	252,867	865,533
General and administrative expenses (net of allocation to an affiliated entity--\$101,199 for 2007 and \$41,796 for 2006)	415,487	379,493
<b>OPERATING INCOME (LOSS)</b>	<b>(162,620)</b>	<b>486,040</b>
Other (income) expense:		
Gain on sale of subsidiary	-	(3,042,406)
Net change in derivative liability	265,968	185,986
Debt extinguishment	(450,650)	(94,365)
Interest expense	140,568	31,384
Interest expense-derivatives	307,870	70,741
Interest expense - Preferred Series C stock	6,616	7,794
Other income - net	(35,821)	(22,275)
Total other (income) expense	234,551	(2,863,141)
Income (loss) before income tax	(397,171)	3,349,181
<b>INCOME TAX PROVISION</b>		
Deferred income tax benefit	-	-
Total income tax provision	-	-