

Turnaround Partners, Inc.
Form 10-Q
August 14, 2008

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

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 June 30, 2008

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 : 0-28606

TURNAROUND PARTNERS, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation
or organization)

22-3387630

(IRS Employer Identification No.)

**109 North Post Oak Lane, Suite 422
Houston, TX 77024**

(Address of principal executive offices)

(713) 621-2737

(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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer (Do not check if a small reporting company)

Accelerated filer

Smaller reporting company

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

The number of shares outstanding of our common stock at August 7, 2008 was 499,336,054.

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TURNAROUND PARTNERS, INC.

FORM 10-Q

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PART I - FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****TURNAROUND PARTNERS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

	June 30, 2008 (Unaudited)	December 31, 2007
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 89,743	\$ 255,961
Notes and accounts receivable	147,241	299,576
Investment in marketable securities	246,824	510,791
Prepaid expense and deferred financing costs	33,788	23,208
Total current assets	517,596	1,089,536
NONCURRENT ASSETS		
Investment in real estate partnership and other investments, at cost	3,586,204	3,749,859
Deferred debenture costs	-	25,506
Total noncurrent assets	3,586,204	3,775,365
TOTAL ASSETS	\$ 4,103,800	\$ 4,864,901
<u>LIABILITIES AND SHAREHOLDERS' DEFICIT</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 616,081	\$ 607,181
Convertible debentures	1,874,056	1,932,475
Notes payable	81,138	96,003
Unearned income	-	9,167
Series C Preferred stock including associated paid in capital; 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, -0- and 245 shares issued and outstanding	-	337,380
Derivative liabilities	325,976	282,181
Total current liabilities	2,897,251	3,264,387
Convertible debentures--net of \$950,790 and \$1,136,193 discount	5,274,210	5,088,807
Notes payable	86,000	110,978
Accrued interest payable	1,202,296	903,746
Total liabilities	9,459,757	9,367,918

COMMITMENTS AND CONTINGENCIES

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See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

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TURNAROUND PARTNERS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
(Continued)

	June 30, 2008	December 31, 2007
	(Unaudited)	
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	67
Series D Convertible Preferred Stock, 100,000 shares authorized; 700 shares issued and outstanding; no liquidation or redemption value	7	7
Common stock, \$.001 par value; 5,000,000,000 shares authorized; 499,336,054 and 135,236,058 shares issued and outstanding	499,336	135,235
Additional paid-in capital	749,995	1,049,994
Retained deficit	(6,605,362)	(5,688,320)
Total shareholders' deficit	(5,355,957)	(4,503,017)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ 4,103,800	\$ 4,864,901

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

TURNAROUND PARTNERS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Six months ended June 30,