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

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

FORM 10-Q

(Mark One)

x 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

o 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	**22-3387630**
(State or other jurisdiction of incorporation or organization)	(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 x No o

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 o	Accelerated filer o
Non-accelerated filer o (Do not check if a small reporting company)	Smaller reporting company x

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

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

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
ASSETS			
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
LIABILITIES AND SHAREHOLDERS' DEFICIT			
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	-

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

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

		June 30, 2008 (Unaudited)		December 31, 2007
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, 2008	Six months ended June 30, 2007
REVENUE		
Consulting revenue (including $889,804 from an affiliate in 2007)	$ 9,167	$ 1,276,159
Marketable securities gain (loss)	(65,725)	(15,311)
Factoring revenue	27,102	-
Fee income	-	52,500
Total revenue	(29,456)	1,313,348
General and administrative expenses (net of allocation to an affiliated entity--$-0- for 2008 and $149,721 for 2007)	411,451	863,309
OPERATING INCOME (LOSS)	(440,907)	450,039
Other (income) expense:		
Net change in derivative liability	43,796	227,064
Debt extinguishment	-	(450,650)
Interest expense	269,855	293,212
Interest expense-derivatives	274,075	570,151
Other income - net	(111,594)	(17,605)
Total other (income) expense	476,132	622,172
Income (loss) before income tax	(917,039)	(172,133)
INCOME TAX PROVISION	-	-
NET INCOME (LOSS)	(917,039)	(172,133)
Preferred dividends paid	-	-
INCOME (LOSS) AVAILABLE TO COMMON SHARES	$ (917,039)	$ (172,133)
Basic income (loss) per share:	$ (0.00)	$ (0.00)
Diluted income (loss) per share:	$ (0.00)	$ (0.00)
Basic average shares outstanding	413,706,384	41,787,323
Diluted average shares outstanding	413,706,384	3,712,164,017

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

TURNAROUND PARTNERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30, 2008		2007	
REVENUE				
Consulting revenue (including $889,804 from an affiliate in 2007)	$	-	$	1,062,292
Marketable securities loss		(52,249)		(36,811)
Fee income		-		35,000
Total revenue		(52,249)		1,060,481
General and administrative expenses (net of allocation to an affiliated entity--$-0- for 2008 and $48,522 for 2007)		213,809		447,822
OPERATING INCOME (LOSS)		(266,058)		612,659
Other (income) expense:				
Net change in derivative liability		302		(38,904)
Interest expense		129,698		146,028
Interest expense-derivatives		51,292		262,281
Other income - net		80,107		18,216
Total other expense		261,399		387,621
NET INCOME (LOSS)		(527,457)		225,038
Preferred dividends paid		-		-
INCOME (LOSS) AVAILABLE TO COMMON SHARES	$	(527,457)	$	225,038
Basic income (loss) per share:	$	(0.00)	$	0.00
Diluted income (loss) per share:	$	(0.00)	$	0.00
Basic average shares outstanding		498,103,087		49,505,344
Diluted average shares outstanding		498,103,087		3,719,882,038

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

TURNAROUND PARTNERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30, 2008		2007	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	$	(917,039)	$	(172,133)
Adjustment to reconcile net income (loss) to net cash used in operating activities		570,514		(387,284)
Net cash used in operating activities		(346,525)		(559,417)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of fixed assets		-		(3,091)
Preferential return from partnership		220,150		446,250
Net cash provided by investing activities		220,150		443,159
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal payments on notes payable		(39,843)		(60,467)
Net cash used in financing activities		(39,843)		(60,467)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(166,218)		(176,725)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		255,961		1,153,793
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	89,743	$	977,068
SUPPLEMENTAL INFORMATION				
Interest paid	$	-	$	11,480
Taxes paid	$	-	$	-
Increase in investments	$	-	$	889,804
Conversion of debentures to common stock:				
Increase in par value	$	59,000	$	26,231
Increase in paid in capital	$	-	$	254,318
Redemption and purchase of preferred stock:				
Decrease in accounts receivable	$	-	$	6,000
Decrease in paid-in capital	$	299,999	$	-
Common stock issued for services:				
Increase in common stock	$	-	$	1,192
Increase in paid-in-capital	$	-	$	14,308

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

TURNAROUND PARTNERS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Turnaround Partners, Inc. and subsidiaries have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 8 of Regulation S-X. The results of operations for the interim period ended June 30, 2008 shown in this report are not necessarily indicative of results to be expected for the full fiscal year ending December 31, 2008. In the opinion of the Company's management, the information contained herein reflects all adjustments necessary for a fair presentation of the Company's results of operations, financial position and cash flows. All such adjustments are of a normal, recurring nature.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted in accordance with the published rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") for interim financial statements. The unaudited Condensed Consolidated Financial Statements and the notes thereto in this report should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 (the "10-KSB").

As used herein, the "Company", "management", "we" and "our" refers to Turnaround Partners, Inc. or Turnaround Partners Inc. together with its subsidiaries. The Company's fiscal year ends on December 31st.

In light of the Company's change in control of ownership as of December 5, 2007 discussed below, the Company is contemplating a new business model. Currently, the Company believes that the new business plan going forward will be to focus on alternative and clean technologies.

Through June 30, 2008, we had primarily provided business restructuring, turnaround execution and business development advisory services for emerging and re-emerging public and private companies. The Company also actively trades securities and options with available cash. Many of these transactions contain a considerable amount of risk. Under our consulting agreements, we did not take positions in securities of our clients that at any one time would cause us to have an ownership interest in them of over 4.99%. We also have a limited partnership interest in a hotel in West Palm Beach, Florida.

On December 5, 2007 (the "Closing Date"), the Company filed on Form 8-K a Current Report, as amended on December 14, 2007 and February 20, 2008, disclosing that the Company entered into a Stock Purchase Agreement with Mr. Timothy J. Connolly, an individual and Viewpoint Capital, LLC, a Nevada limited liability company (the "Investor") pursuant to which the Company issued to the Investor one (1) share of the Company's Series E convertible preferred stock, par value $0.001 per share, which such Series E Preferred is convertible into Three Hundred Million Shares (300,000,000) of common stock of the Company, par value $0.001 per share in exchange for the transfer by the Investor to the Company of Four Million (4,000,000) unrestricted, free-trading shares of common stock of Asset Capital Group, Inc. ("ACGU"), a Nevada corporation having a value of Three Million Four Hundred Thousand Dollars ($3,400,000) based on the closing price of ACGU common stock as of the Closing Date as reported on the Pink Sheets, LLC. ACGU common stock trades under the symbol "ACGU.PK". As a result of this transaction, the Investor acquired a 63.66% controlling interest in the Company's Common Stock ("Common Stock") by virtue of the Investor's ownership of the Series E Preferred.

On February 13, 2008, the Investor delivered to the Company a notice to convert the one (1) shares of Series E Preferred to Three Hundred Million (300,000,000) shares of Common Stock. On February 14, 2008, the Company

issued to the Investor Three Hundred Million (300,000,000) shares of Common Stock, all of which are restricted, and canceled the One (1) share of Series E Preferred. As a result of this transaction, the Investor acquired a 63.66% controlling interest in the Common Stock.

During the month of March 2008, we sold our investment in stock of ACGU for approximately $7,700.

As filed on a Current Report on Form 8-K on January 3, 2008, which is hereby incorporated in this document by reference, the Company disclosed that effective as of December 31, 2007, Corporate Strategies, Inc. ("CSI"), a Texas corporation and wholly-owned subsidiary of the Company entered into a Purchase Agreement with Natural Nutrition, Inc., a Nevada corporation ("NN") and CSI Business Finance, Inc., a Texas corporation and wholly-owned subsidiary of NN (together with NN, the "Buyer") pursuant to which CSI conveyed, transferred and assigned to the Buyer all of its title to and rights in CSI's ten percent (10%) interest in the total issued and outstanding capital stock of Interactive Nutrition International, Inc. ("INII"), a company organized under the laws of Canada in exchange for the conveyance, transfer and assignment to CSI by the Buyer of certain Notes held by the Buyer (as such term is defined in the Agreement) plus a cash payment equal to One Hundred Ninety-Eight Thousand Eight Hundred Ninety-Nine Dollars and Ten Cents ($198,899.10). In addition, NN assumed payment for all of CSI's office lease, equipment payments and any other payments related to the office space in Houston, Texas for the remainder of the lease term and any renewals.

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The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All significant inter-company balances and transactions have been eliminated.

Change in Accounting Principle for Registration Payment Arrangements.

In December 2006, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position on No. EITF 00-19-2, Accounting for Registration Payment Arrangements ("FSP EITF 00-19-2"). FSP EITF 00-19-2 provides that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement should be separately recognized and measured in accordance with Statement of Financial Accounting Standards ("FAS") No. 5, Accounting for Contingencies, which provides that loss contingencies should be recognized as liabilities if they are probable and can be reasonably estimated. Subsequent to the adoption of FSP EITF 00-19-2, any changes in the carrying amount of the contingent liability will result in a gain or loss that will be recognized in the consolidated statement of operations in the period the changes occur. The guidance in FSP EITF 00-19-2 is effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to the date of issuance of FSP EITF 00-19-2. For registration payment arrangements and financial instruments subject to those arrangement that were entered into prior to the issuance of FSP EITF 00-19-2, this guidance is effective for our consolidated financial statements issued for the year beginning January 1, 2007, and interim periods within that year.

On January 1, 2007, we adopted the provisions of FSP EITF 00-19-2 to account for our registration payment arrangements. As of January 1, 2007 and March 31, 2007, management determined that is was not probable that we would have any payment obligation under our registration payment arrangements; therefore, no accrual for contingent obligation is required under the provisions of FSP EITF 00-19-2. According to the provisions of FSP EITF 00-19-2, the effect of this new method of accounting for registration payment arrangements is accounted for prospectively.

Recently Issued Accounting Pronouncements.

In March 2008, the FASB issued Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133* (SFAS 161). This statement requires enhanced disclosures about an entity's derivative and hedging activities and is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with earlier application encouraged. The Company will adopt SFAS 161 in the first fiscal quarter of 2009. Since SFAS 161 requires only additional disclosures concerning derivatives and hedging activities, adoption of SFAS 161 will not have an impact on the Company's consolidated financial condition, results of operations or cash flows.

Note 2 - Income (Loss) Per Common Share

In accordance with FASB Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share", basic earnings per share are computed based on the weighted average shares of common stock outstanding during the periods. Diluted earnings per share are computed based on the weighted average shares of common stock plus the assumed issuance of common stock for all potentially dilutive securities.

The computations for basic and diluted net income (loss) per share consist of the following:

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Income (loss) from continuing operations	$ (527,457)	$ 225,038	$ (917,039)	$ (172,133)
Less effect of derivatives, preferred stock and convertible debenture	-	369,405	-	626,544
Adjusted net income (loss)	$ (527,457)	$ 594,443	$ (917,039)	$ 454,411
Basic weighted average shares	498,103,087	49,505,344	413,706,384	41,787,323
Effect of dilutive securities:				
Series B and D preferred stock	-	2,613,268,536	-	2,613,268,536
Convertible debentures	-	1,057,108,158	-	1,057,108,158
Diluted weighted average shares	498,103,087	3,719,882,038	413,706,384	3,712,164,017
Income (loss) per share:				
Basic net income (loss)	$ (0.00)	$ 0.00	$ (0.00)	$ (0.00)
Diluted net income (loss)	$ (0.00)	$ 0.00	$ (0.00)	$ (0.00)

Note 3 - Convertible Debentures - Derivative Financial Instruments

The Convertible Debentures issued from 2003 through 2007 have been accounted for in accordance with SFAS 133 and EITF No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock."

The Company has identified the following instruments have derivatives requiring evaluation and accounting under the relevant guidance applicable to financial derivatives:

YA Global Debenture issued 5/6/04 in the face amount of $400,000
YA Global Debenture issued 6/24/04 in the face amount of $500,000
YA Global Debenture issued 9/28/04 in the face amount of $400,000
YA Global Debenture issued 4/6/05 in the face amount of $400,000
Holland et. al. Debentures issued 12/22/03 in the face amount of $250,000
Saporito Debenture issued 1/29/04 in the face amount of $100,000
Viola Debenture issued 10/12/04 in the face amount of $100,000
Highgate House issued 12/02/05 in the face amount of $6,225,000

These embedded derivatives have been bifurcated from their respective host debt contracts and accounted for as derivative liabilities in accordance with EITF 00-19 and SFAS No. 133.

The embedded derivatives are marked-to-market each reporting period with changes in fair value recorded to the Company's income statement as "Net change in derivative liability". The Company has utilized a third party to fair value the embedded derivatives using a layered discounted probability-weighted cash flow approach. This valuation was prepared by the third party valuation firm that developed the original model that the Company used to value its derivatives.

The fair value of the derivative liabilities are subject to the changes in the trading value of the Company's common stock, as well as other factors. As a result, our financial statements may fluctuate from quarter-to-quarter based on factors, such as the price of our stock at the balance sheet date and the amount of shares converted by debenture holders. Consequently, our financial position and results of operations may vary from quarter-to-quarter based on conditions other than our operating revenues and expenses.

During the first quarter of 2007, certain individuals converted debentures into our Common Stock. As a result, we recorded a gain on extinguishment of debt in the amount of $450,000 for the quarter ended March 31, 2007.

Note 4 - Segment Reporting

Our Company has two business segments: business services (which consists of turnaround execution services, management restructuring services, and business development services) and a hotel investment through our wholly-owned subsidiary, Kipling Holdings, Inc.

We primarily provide business restructuring, turnaround execution and business development advisory services for emerging and re-emerging public companies.

The Company's operations are conducted in the United States.

	Business Services	Hotel Investment
Six months ended June 30, 2008		
Revenue	$ (29,456)	$ -
Income (loss) before income tax	(1,003,386)	86,347
Segment assets	517,596	3,586,204
Six months ended June 30, 2007		
Revenue	$ 1,313,348	$ -
Income before income tax	333,447	(505,580)
Segment assets	2,745,211	4,570,356

Note 5 - Investment in Unconsolidated Entities

Through our wholly-owned subsidiary, Kipling Holdings, Inc., we own a 35% limited partnership interest in a partnership that owns a Hilton hotel in West Palm Beach, Florida. Because we do not control the partnership entity, we carry our investment in unconsolidated entities at cost, plus our equity in net earnings or losses, less distributions received since the date of acquisition and any adjustment for impairment. Our equity in net earnings or losses is adjusted for the straight-line depreciation, over the lower of 25 years or the remaining life of the venture, of the difference between our cost and our proportionate share of the underlying net assets at the date of acquisition. We periodically review our investment in unconsolidated entities for other than temporary declines in fair value. Any decline that is not expected to be recovered in the next 12 months is considered other than temporary and an impairment is recorded as a reduction in the carrying value of the investment. For the year ended December 31, 2007, we recorded an impairment on our investment in real estate partnership in the amount of $ 540,000. Estimated fair values are based on our projections of cash flows. Since we are a limited partner, we do not make management decisions in this partnership and are subject to the decisions made by the general partner of this unconsolidated entity. This could include a sale of the property at a time and price that may not be in our best interest. While we expect the general partner will act in good faith at all times, we could incur a loss on this investment if a sale or foreclosure of the real estate occurs at a price that does not fully recover our equity investment.

Note 6 - Series C Preferred Stock

We had 245 shares of Series C preferred stock outstanding at December 31, 2007. The stock had a liquidation preference of $232,381 and was redeemable at $1,500 per share at the Company’s option. Dividends were cumulative and accrued at the rate of $120 per share per year. Under the Stock Purchase Agreement dated December 5, 2007, the

Series C preferred stock was to have been paid off by December 31, 2007. The full liquidation value of $232,381 is recorded as a current liability at December 31, 2007 and has been paid in full as of June 30, 2008.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

This Quarterly Report on Form 10-Q, and the accompanying MD&A, contains forward-looking statements. Statements contained in this report about Turnaround Partners, Inc.'s future outlook, prospects, strategies and plans, and about industry conditions and demand for our financial services are forward-looking. All statements that express belief, expectation, estimates or intentions, as well as those that are not statements of historical fact, are forward looking. The words "proposed," "anticipates," "anticipated," "will," "would," "should," "estimates" and similar expressions are intended to identify forward-looking statements. Forward-looking statements represent our reasonable belief and are based on our current expectations and assumptions with respect to future events. While we believe our expectations and assumptions are reasonable, they involve risks and uncertainties beyond our control that could cause the actual results or outcome to differ materially from the expected results or outcome reflected in our forward-looking statements. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this quarterly report may not occur. Such risks and uncertainties include, without limitation, the success of our contemplated new business plan, conditions in the capital and equity markets, our success in trading marketable securities, the success of our investment in our partnership that owns a Hilton hotel in West Palm Beach, Florida and our ability to obtain and maintain normal terms with our vendors and service providers during the periods covered by the forward-looking statements.

The forward-looking statements contained in this report speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or any other reason. All forward-looking statements attributable to Turnaround Partners, Inc. or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred in this document, our annual report filed on Form 10-KSB and any future documents filed with the SEC. The following MD&A should be read in conjunction with the unaudited Condensed Consolidated Financial Statements of the Company, and the related notes thereto included elsewhere herein, and in conjunction with our audited financial statements, together with footnotes and the MD&A, in our 2007 annual report filed on Form 10-KSB as filed with the SEC.

OVERVIEW

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its subsidiaries. All significant inter-company balances and transactions have been eliminated.

The discussion below regarding our results of operations, liquidity and capital resources are for the business of providing restructuring and turnaround services. In light of the Company's change in control of ownership, the Company is contemplating a new business model. Currently, the Company believes that the new business plan going forward will be to focus on alternative and clean technologies.

Historically we primarily provided business restructuring, turnaround execution and business development advisory services for emerging and re-emerging public and private companies. The Company also actively trades securities and options with available cash. Many of these transactions contain a considerable amount of risk. Under our consulting agreements, we do not take positions in securities of our clients that at any one time would cause us to have an ownership interest in them of over 4.99%.

On December 5, 2007 (the "Closing Date"), the Company filed on Form 8-K a Current Report, as amended on December 14, 2007 and February 20, 2008, disclosing that the Company entered into a Stock Purchase Agreement with Mr. Timothy J. Connolly, an individual and Viewpoint Capital, LLC, a Nevada limited liability company pursuant to which the Company issued to the Investor one (1) share of the Company's Series E convertible preferred stock, par value $0.01 per share, which such Series E Preferred is convertible into Three Hundred Million Shares

(300,000,000) of common stock of the Company, par value $0.001 per share in exchange for the transfer by the Investor to the Company of Four Million (4,000,000) unrestricted, free-trading shares of common stock of Asset Capital Group, Inc. ("ACGU"), a Nevada corporation having a value of Three Million Four Hundred Thousand Dollars ($3,400,000) based on the closing price of ACGU Common Stock as of the Closing Date as reported on the Pink Sheets, LLC. ACGU Common Stock trades under the symbol "ACGU.PK". As a result of this transaction, the Investor acquired a 63.66% controlling interest in the Company's Common Stock by virtue of the Investor's ownership of the Series E Preferred.

On February 13, 2008, the Investor delivered to the Company a notice to convert the one (1) shares of Series E Preferred to Three Hundred Million (300,000,000) shares of Common Stock. On February 14, 2008, the Company issued to the Investor Three Hundred Million (300,000,000) shares of Common Stock, all of which are restricted, and canceled the One (1) share of Series E Preferred. As a result of this transaction, the Investor acquired a 63.66% controlling interest in the Common Stock of the Company.

During the month of March 2008, we sold our investment in stock of ACGU for approximately $7,700.

As filed on Form 8-K Current Report on January 3, 2008, and is hereby incorporated in this document by reference, the Company disclosed that effective as of December 31, 2007, Corporate Strategies, Inc. ("CSI"), a Texas corporation and wholly-owned subsidiary of Turnaround Partners, Inc., a Nevada corporation entered into a Purchase Agreement with Natural Nutrition, Inc., a Nevada corporation ("NN") and CSI Business Finance, Inc., a Texas corporation and wholly-owned subsidiary of NN pursuant to which CSI conveyed, transferred and assigned to the Buyer all of its title to and rights in CSI's ten percent (10%) interest in the total issued and outstanding capital stock of Interactive Nutrition International, Inc., a company organized under the laws of Canada ("INII") in exchange for the conveyance, transfer and assignment to CSI by the Buyer of certain Notes held by the Buyer (as such term is defined in the Agreement) plus a cash payment equal to One Hundred Ninety-Eight Thousand Eight Hundred Ninety-Nine Dollars and Ten Cents ($198,899.10). In addition, NN assumed payment for all of CSI's office lease, equipment payments and any other payments related to the office space located in Houston, Texas for the remainder of the lease term and any renewals.

Through our wholly-owned subsidiary, Kipling Holdings, Inc., we own a 35% limited partnership interest in a partnership that owns a Hilton hotel in West Palm Beach, Florida. Because we do not control the partnership entity, we carry our investment in unconsolidated entities at cost, plus our equity in net earnings or losses, less distributions received since the date of acquisition and any adjustment for impairment. Our equity in net earnings or losses is adjusted for the straight-line depreciation, over the lower of 25 years or the remaining life of the venture, of the difference between our cost and our proportionate share of the underlying net assets at the date of acquisition. We periodically review our investment in unconsolidated entities for other than temporary declines in fair value. Any decline that is not expected to be recovered in the next 12 months is considered other than temporary and an impairment is recorded as a reduction in the carrying value of the investment. For the year ended December 31, 2007, we recorded an impairment on our investment in real estate partnership in the amount of $ 540,000. Estimated fair values are based on our projections of cash flows. Since we are a limited partner, we do not make management decisions in this partnership and are subject to the decisions made by the general partner of this unconsolidated entity. This could include a sale of the property at a time and price that may not be in our best interest. While we expect the general partner will act in good faith at all times, we could incur a loss on this investment if a sale or foreclosure of the real estate occurs at a price that does not fully recover our equity investment.

Recent Accounting Pronouncements

In March 2008, the FASB issued Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133* (SFAS 161). This statement requires enhanced disclosures about an entity's derivative and hedging activities and is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with earlier application encouraged. The Company will adopt SFAS 161 in the first fiscal quarter of 2009. Since SFAS 161 requires only additional disclosures concerning derivatives and hedging activities, adoption of SFAS 161 will not have an impact on the Company's consolidated financial condition, results of operations or cash flows.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2008 and June 30, 2007

Revenue

Our total revenue for the three months ended June 30, 2008 was $(52,249) as opposed to total revenue of $1,060,481 for the same period ending June 30, 2007.

We earned $-0- in consulting revenue for the three months ended June 30, 2008 versus $1,062,292 for the three months ended June 30, 2007. Consulting revenues are generally one-time fees related to specific events, or contracts for services rendered over a period of time. Because of the possible change in our fundamental business model, no new contracts have been procured at the time of this filing, and it is possible that no new contracts will be sought in the future.

Trading in marketable securities generated a loss of $52,249 for the quarter ended June 30, 2008 compared to a loss $36,811 for the same period in 2007. Marketable securities losses included unrealized gains (losses) of $(41,484) and $(179,510), respectively for the quarters ended June 30, 2008 and 2007 and realized gains (losses) of $(10,765) and $142,699, respectively for the quarters ended June 30, 2008 and 2007.

We did not generate any fee income for the three months ended June 30, 2008. Our fee income for the three months ended June 30, 2007 was $35,000. Fee income is generated through the realization of placement fees from clients for financing transactions. Because of the possible change in our fundamental business model, no new contracts have been procured at the time of this filing, and it is possible that no new contracts will be sought in the future.

General and Administrative Expenses

General and administrative expenses for the three months ended June 30, 2008 were $213,809 compared to $447,822 for the period ended June 30, 2007, a decrease of $234,013. For the three months ended June 30, 2008, general and administrative expenses were primarily comprised of salaries and benefits of $198,407 and professional fees of $65,373. For the three months ended June 30, 2007, general and administrative expenses were primarily comprised of salaries and benefits in the amount of $218,575 and professional fees of $156,318. The remaining general and administrative expenses were comprised of ordinary expenses necessary for our operations. Our company shares office space and certain administrative functions and staff with another company. For the three months ended June 30, 2007, $48,522 of expenses were allocated to this company. There were no such allocations for the three months ended June 30, 2008.

Salaries and benefits decreased by approximately $20,000 to $198,407 in 2008 as compared to the same period in 2007, primarily as a result of our acquisition specialist leaving our employment in May 2007 and our Chief Financial Officer leaving our employment in December 2007.

Other Income and Expense

Interest expense decreased by approximately $16,330 for the three months ended June 30, 2008 as compared to the same period ended June 30, 2007. The decrease is primarily a result of interest expense associated with our convertible debentures.

We recorded a net change in fair value of derivative liabilities in the amount of $302 and $(38,904) for the three months ended June 30, 2008 and June 30, 2007, respectively. These amounts represent the change in the fair value of the net derivative liability for the quarters.

Six Months Ended June 30, 2008 and June 30, 2007

Revenue

Our total revenue for the six months ended June 30, 2008 was $(29,456) as opposed to total revenue of $1,313,348 for the same period ending June 30, 2007.

We earned $9,167 in consulting revenue for the six months ended June 30, 2008 versus $1,276,159 for the six months ended June 30, 2007. Consulting revenues are generally one-time fees related to specific events, or contracts for services rendered over a period of time. Because of the possible change in our fundamental business model, no new contracts have been procured at the time of this filing, and it is possible that no new contracts will be sought in the future.

We recovered $27,102 of factoring revenue previously written off. We believe that there is potential for the recovery of additional factoring revenue of this nature but the amount and its certainty cannot be assured.

Trading in marketable securities generated a loss of $65,725 for the six months ended June 30 31, 2008 compared to a loss of $15,311 for the same period in 2007. Marketable securities losses included unrealized gains (losses) of $(54,387) and $176,562, respectively for the six months ended June 30, 2008 and 2007 and realized losses of $11,338 and $191,873, respectively for the six months ended June 30, 2008 and 2007.

We did not generate any fee income for the six months ended June 30, 2008. Our fee income for the six months ended June 30, 2007 was $35,000. Fee income is generated through the realization of placement fees from clients for financing transactions. Because of the possible change in our fundamental business model, no new contracts have been procured at the time of this filing, and it is possible that no new contracts will be sought in the future.

General and Administrative Expenses

General and administrative expenses for the six months ended June 30, 2008 were $411,451 compared to $863,309 for the period ended June 30, 2007, a decrease of $451,858. For the six months ended June 30, 2008, general and administrative expenses were primarily comprised of salaries and benefits of $330,665 and professional fees of $117,155. For the six months ended June 30, 2007, general and administrative expenses were primarily comprised of salaries and benefits in the amount of $455,658 and professional fees of $299,134. The remaining general and administrative expenses were comprised of ordinary expenses necessary for our operations. Our company shares office space and certain administrative functions and staff with another company. For the six months ended June 30, 2007, $149,721 of expenses were allocated to this company. There were no such allocations for the six months ended

June 30, 2008.

Salaries and benefits decreased by approximately $125,000 to $330,665 in 2008 as compared to the same period in 2007, primarily as a result of our acquisition specialist leaving our employment in May 2007 and our Chief Financial Officer leaving our employment in December 2007.

Other Income and Expense

Interest expense decreased by approximately $23,357 for the six months ended June 30, 2008 as compared to the same period ended June 30, 2007. The increase is primarily a result of interest expense associated with our convertible debentures.

We recorded a net change in fair value of derivative liabilities in the amount of $43,796 and $227,064 for the six months ended June 30, 2008 and June 30, 2007, respectively. These amounts represent the change in the fair value of the net derivative liability for the quarters.

During the first quarter of 2007, certain individuals converted their debentures into our common stock. As a result, we recorded a gain on debt extinguishment in the amount of $450,650 in the first quarter of 2007. There was no such gain on debt extinguishment for the six months ended June 30, 2008.

We recovered $40,000 of bad debts in the first quarter of 2008.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

We recorded a net loss for the six months ended June 30, 2008 of $917,039 versus a net loss of $172,133 for the six months ended June 30, 2007. Net cash used in operating activities was $346,525 for the six months ended June 30, 2008. Non-cash derivative interest expense and net change in derivative liability amounted to a charge of $317,871. We recorded losses from our investment in real estate partnership in the amount of $86,347.

At June 30, 2008, the Company had a working capital deficit of $2,379,655. Our working capital deficit includes a computed liability for the fair value of derivatives of $325,976, which will only be realized on the conversion of the derivatives, or settlement of the debentures. The Company at its option can force conversion of certain of the convertible debentures into Common Stock at the maturity date.

Investing Activities

We received proceeds from a preferential return from our investment in the partnership that owns a hotel in West Palm Beach, Florida in the amount of $220,150.

As of June 30, 2008, $275,000 of our short-term investments was invested in auction rate securities, or ARSs. The $275,000 we have invested in ARSs at May 12, 2008 is collateralized by portfolios of AAA municipal obligations. Through the date of this filing, auctions of these securities were not successful, resulting in our continuing to hold these securities and the issuers paying interest at the maximum contractual rate. Based on current market conditions, it is likely that auctions related to these securities will be unsuccessful in the near term. Unsuccessful auctions will result in our holding securities beyond their next scheduled auction reset dates and limiting the short-term liquidity of these investments. While these failures in the auction process have affected our ability to
access these funds in the near term, we do not believe that the underlying securities or collateral have been affected. Due to working capital requirements, we have entered into a contract to sell these securities at a discount of 12%, which includes an allowance for expenses. An impairment of $33,000 has been recorded at June 30, 2008 to reflect the anticipated net proceeds of the sale. We anticipate that proceeds from the sale will be settled in the third quarter. Excluding ARSs, we had approximately $90,000 in cash and short-term investments. We believe the working capital available to us will be sufficient to meet our cash requirements for at least the next 12 months.

Financing Activities

For the six months ended June 30, 2008, we repaid $39,843 on note payables.

We had 245 shares of Series C preferred stock outstanding at December 31, 2007. The stock had a liquidation preference of $232,381 and was redeemable at $1,500 per share at the Company's option. Dividends were cumulative and accrued at the rate of $120 per share per year. Under the Stock Purchase Agreement dated December 5, 2007, the Series C preferred stock was to have been paid off by December 31, 2007. The full liquidation value of $232,381 is recorded as a current liability at December 31, 2007 and has been paid in full as of June 30, 2008.

Our cash flows for the periods are summarized below:

	Six months ended June 30, 2008	Six months ended June 30, 2007
Net cash used in operating activities	$ 346,525	$ 559,417
Net cash provided by investing activities	220,150	443,159
Net cash used in financing activities	39,843	60,467

Our cash decreased by $166,218 since December 31, 2007.

At June 30, 2008, in order to preserve working capital, the Company entered into an agreement with the President of our subsidiary, Corporate Strategies, Inc., whereby in lieu of monies owed him totaling $310,000 for salary and other advances, he agreed to exchange those amounts due as well as foregoing any remaining salary due him through December 31, 2008 in exchange for certain notes receivable held by the Company totaling $881,995 with a book value of $-0- and $125,000, payable upon the sale of the auction rate securities described above. As a result of this agreement, we believe the working capital available to us will be sufficient to meet our cash requirements for at least the next 12 months.

OFF-BALANCE SHEET ARRANGEMENTS

None

ITEM 4T. CONTROLS AND PROCEDURES

(A) Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (“Exchange Act”), is recorded, processed, summarized, accumulated and communicated to the Company’s management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, the Company's management carried out an evaluation, under the supervision and with the participation of the Company's CEO and CFO, of the effectiveness of the design and operation of the Company's system of disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the material weaknesses described herein the Company's CEO has concluded that the Company's disclosure controls and procedures were not effective, as of the date of that evaluation, for the purposes of recording, processing, summarizing and timely reporting of material information required to be disclosed in reports filed by the Company under the Exchange Act.

Because of its size, the Company shares its accounting staff with another company located in the same suite in Houston, Texas and is comprised of its controller and a data entry clerk. The controller and data entry clerk are considered contract employees whom also work for the other company within the office suite as contract employees. We currently do not have the resources to hire full-time accounting personnel and do not anticipate hiring any full-time accounting personnel in the near future. Because of the structure of our staff, we have a failure to maintain effective controls over the selection, application and monitoring of our accounting policies to assure that certain complex equity transactions are accounted for in accordance with generally accepted accounting principles.

Material Weaknesses Identified

In connection with the audit of our Consolidated Financial Statements for the fiscal year ended December 31, 2007, our independent registered public accounting firm informed us that we had significant deficiencies constituting material weaknesses as defined by the standards of the Public Company Accounting Oversight Board, which had been identified in connection with the audit of our Consolidated Financial Statements for the fiscal years ended December 31, 2007.

The material weaknesses identified by the auditor during the December 31, 2007 audit were the lack of segregation of duties necessary to maintain proper checks and balances between functions and the lack of procedures to properly account for non-routine transactions including the write down of stock investment, impairment of an investment in a partnership and recording of the additional liability at the liquidation value for a series of preferred stock which was to be completely liquidated at December 31, 2007.

The absence of qualified full time accounting personnel was a contributing factor to the problems identified by the auditor. The specific circumstances giving rise to the weaknesses include utilizing the services of contract accountants on a part time basis in the absence of internal accounting personnel.

(B) Changes in Internal Controls over Financial Reporting

In connection with the evaluation of the Company's internal controls during the Company's last fiscal quarter covered by this report required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, the Company's CEO has determined that there were no changes to the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially effect, the Company's internal controls over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1 . LEGAL PROCEEDINGS

None

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide information under thi Item.

ITEM 2 . UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3 . DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 . SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5 . OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits:

EXHIBIT NO.	DESCRIPTION	LOCATION
2.1	Agreement and Plan of Merger, dated as of November 22, 2006, by and between Emerge Capital Corp. (the Delaware corporation) and Turnaround Partners, Inc. (the Nevada corporation)	Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K as filed with the U.S. Securities and Exchange Commission on January 5, 2007.
2.2	Certificate of Ownership and Merger of Emerge Capital Corp. with and into Turnaround Partners, Inc.	Incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K as filed with the U.S. Securities and Exchange Commission on January 5, 2007.
2.3	Articles of Merger of Turnaround Partners, Inc. and Emerge Capital Corp.	Incorporated by reference to Exhibit 2.3 to the Company's Current Report on Form 8-K as filed with the U.S. Securities and Exchange Commission on January 5, 2007.
3.1	Articles of Incorporation of Turnaround Partners, Inc.	Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K as filed with the U.S. Securities and Exchange

		Commission on January 5, 2007.
3.2	Bylaws of Turnaround Partners, Inc.	Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K as filed with the U.S. Securities and Exchange Commission on January 5, 2007.
3.3	Amendment to Bylaws of Turnaround Partners, Inc. rescinded	Incorporated by reference to Item 5.03 of the Company's Current Report on Form 8-K as filed with the U.S. Securities and Exchange Commission on February 22, 2008.
4.1	2005 Stock Incentive Plan	Incorporated by reference to Appendix A to the Company's Definitive Information Statement as filed with the U.S. Securities and Exchange Commission on December 13, 2005
4.2	Amended and Restated Certificate of Designation of Series D Preferred Stock	Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the U.S. Securities and Exchange Commission on December 14, 2007.
10.1	Purchase Agreement, dated effective as of December 31, 2007, by and among Natural Nutrition, Inc., CSI Business Finance, Inc., and Corporate Strategies, Inc.	Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the U.S. Securities and Exchange Commission on January 3, 2008.
10.2	Amendment to Stock Purchase Agreement, dated December 5, 2007, by and among Turnaround Partners, Inc., Mr. Timothy J. Connolly and Viewpoint Capital, LLC	Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the U.S. Securities and Exchange Commission on February 20, 2008
31.1	Certification by Chief Executive Officer pursuant to 15.U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Included herein
32.1	Certification by Chief Executive Officer pursuant to 18.U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Included herein

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.

Date: August 13, 2008

Turnaround Partners, Inc.
(Registrant)

/s/ Russell Kidder
Russell Kidder
President, Chief Executive Officer and Interim CFO