

Convergence Ethanol, Inc.
Form 10QSB
May 21, 2007

**U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-QSB

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2007

Commission file number 0-4846-3

**CONVERGENCE ETHANOL, INC.
(Name of small business issuer in its charter)**

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

82-0288840
**(I.R.S. employer
identification no.)**

5701 Lindero Canyon Road, Suite 2-100
Westlake Village, California
(Address of principal executive offices)

91362
(Zip code)

Issuer's telephone number, including area code (818) 735-4750

Check whether the issuer (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 shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock Outstanding as of May 13, 2007 was 18,080,790.

Transitional Small Business Disclosure Format: Yes No

Documents incorporated by reference:

None

**PART I
FINANCIAL INFORMATION**

	Page
Item 1. Financial Statements	
Consolidated Balance Sheets as of March 31, 2007 (Unaudited)	F-2
Consolidated Statements of Operations for the Three Month and Six Month Periods Ended March 31, 2007 and 2006 (unaudited)	F-3
Consolidated Statements of Cash Flows for the Six Month Periods Ended March 31, 2007 and 2006 (Unaudited)	F-4
Notes to Consolidated Financial Statements (Unaudited)	F-5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	2
Item 3. Controls and Procedures	7

**PART II
OTHER INFORMATION**

Item 1. Legal Proceedings	8
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	9
Item 3. Defaults Upon Senior Securities	9
Item 4. Submission of Matters to a Vote of Security Holders	9
Item 5. Other Information	9
Item 6. Exhibits	9
Signatures	10

ITEM 1. FINANCIAL STATEMENTS**CONVERGENCE ETHANOL, INC. (fka MemS USA, Inc.)
Consolidated Balance Sheet**

A S S E T S	(Unaudited) March 31, 2007
Current assets:	
Cash and cash equivalent	\$ 250,943
Accounts receivable, net allowance for uncollectible of \$192,478	731,677
Inventories, net of provision for obsolete items	1,271,062
Other current assets	518,405
Total current assets	2,772,086
Plant, property and equipment, net	2,495,424
Other assets	855,135
Total assets	\$ 6,122,646
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable and accrued expenses	\$ 2,076,600
Notes payable	188,267
Current portion of long-term debt	14,999
Other liabilities	100,622
Loans from shareholders	115,121
Liability to be satisfied through the issuance of shares	1,200,376
Derivative liability	3,858,513
Total current liabilities	7,554,497
Long-term liabilities	6,239
Liability related to convertible debenture payable	1,107,886
Total liabilities	8,668,622
Minority interests	103,930
Stockholders' deficit :-	
Common stock, \$0.001 par value; 100,000,000 shares authorized; 20,335,190 shares issued and outstanding	20,335
Additional paid in capital	19,755,918
Shares to be redeemed	-
Accumulated deficit	(18,626,601)
Treasury stock (2,710,436 shares)	(3,799,558)
Total stockholders' deficit	(2,649,906)
Total liabilities and stockholders' deficit	\$ 6,122,646

The accompanying notes are an integral part of these unaudited consolidated financial statements

CONVERGENCE ETHANOL, INC. (fka Mems USA, Inc.)
Consolidated Statements of Operations
For the three and six months ended March 31, 2007 and 2006
(Unaudited)

	Three month periods ended		Six month periods ended	
	March 31,		March 31,	
	2007	2006	2007	2006
Revenues	\$ 1,507,414	\$ 2,515,412	\$ 5,455,186	\$ 5,141,931
Cost of revenues	1,354,585	1,958,351	4,636,096	4,030,095
Gross profit	152,829	557,061	819,090	1,111,836
Operating Expenses				
Selling, general and administrative expenses	1,407,740	1,354,190	2,795,565	2,675,737
Loss from Operations	(1,254,911)	(797,129)	(1,976,475)	(1,563,901)
Other income (expenses)				
Gain from change in derivative liability	94,824	-	638,293	-
Liquidation damage - convertible note	(188,267)	-	(188,267)	-
Income due to legal settlement	-	-	-	3,703,634
Interest expense	(312,507)	(14,556)	(562,376)	(35,969)
Other income (expense)	1,065	3,334	(64,028)	1,466
Total other income (expenses)	(404,885)	(11,222)	(176,378)	