

U. S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: December 31, 1995

Transition Report Under Section 13 or 15(d) of the Exchange Act

Commission File Number: 33-19980-D

Gemstar Enterprises, Inc.
(Exact name of small business issuer as specified in its charter)

Nevada 87-0450450
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

73-251 Amber Street
Palm Desert, California 92260
(Address of principal executive offices)

619 - 346 - 4812
(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.

(1) Yes No (2) Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the Issuer's classes of common equity; as of the latest practical date: 10,758,614 shares of its \$0.001 par value common stock as of November 5, 1996.

Transitional Small Business Disclosure Format (check one) Yes No

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The following unaudited financial statements included as a part of this Form 10-QSB Report for the first quarter ended December 31, 1995, have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. However, in the opinion of management, all adjustments (which include only normal recurring accruals) necessary to present fairly the financial position, results of operations, cash flows and stockholders' equity for the periods presented have been made. These financial statements should be read in conjunction with the accompanying notes, and with the historical financial statements and footnotes thereto and other information contained in the Company's most recent Form 10-KSB Report.

Gemstar Enterprises, Inc.
(A Development Stage Company)
Balance Sheet

December 31, 1995
[Unaudited]

ASSETS

Current Assets:		
Cash in bank	\$ 7,657	

Total Current Assets	\$ 7,657	

TOTAL ASSETS	\$ 7,657	
	=====	

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:			
Accounts payable	\$ -0-		
Loans from officers	603		

Total Current Liabilities	\$ 603		

Stockholders' Equity:			
Preferred Stock, none outstanding	\$ -0-		
Common Stock, 6,758,614 shares outstanding	6,759		
Additional paid-in capital	908,285		
Deficit accumulated prior to the development stage	<905,548>		
Deficit accumulated during the development stage	<2,442>		

Total Stockholders' Equity	\$ 7,054		

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 7,657	
	=====		

The accompanying notes are an integral part of these financial statements.
Gemstar Enterprises, Inc.
(A Development Stage Company)
Statements of Operations
[Unaudited]

<TABLE>
<CAPTION>

		From the Date of Inception as a Development Stage Company (April 10, 1993)		
		For the Three Month Period		Through
		Ended December 31,	December 31,	
		1995	1994	1995
		---	---	---
<S>	<C>	<C>	<C>	<C>
Revenue	\$ -0-	\$ -0-	\$ -0-	\$ -0-
	-----	-----	-----	-----

Expenses:

Office Supplies	43	-0-	43
Filing Fees	300	300	1,267
Cost of public entity	-0-	-0-	580
Travel	-0-	-0-	13
Taxes, non-income	-0-	-0-	127
Amortization	-0-	-0-	412
	-----	-----	-----
Total Expenses	\$ 343	\$ 300	\$ 2,442
	-----	-----	-----
NET LOSS	\$ 343	\$ 300	\$ 2,442
	=====	=====	=====
NET LOSS PER SHARE	\$ 0.00	\$ 0.00	\$ 0.00
	=====	=====	=====
Common Shares used in Net Loss Computation	6,758,614	6,758,614	6,758,614
	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements.

Gemstar Enterprises, Inc.

(A Development Stage Company)

Statement of Stockholders' Equity

[Unaudited]

<TABLE>

<CAPTION>

	Common Stock Shares	Accum. Prior to the Development Stage	Deficit Accum. During the Development Stage	Deficit Accum. During the Development Stage	Total Due Development Officer	Stockholders' From <Deficit>	Equity
	-----	-----	-----	-----	-----	-----	-----
Balance at inception of Development Stage April 10, 1993	1,698,864	\$ 1,699	\$812,150	\$<905,548>	\$ -0-	\$ -0-	\$<91,699>

Common stock valued

at \$.02 per share

for assumption of

liabilities, amounts

due shareholder and

receivable from

officer

August 16, 1993 5,000,000 5,000 95,000 -0- -0- <7,783> 92,217

Net Loss from the

start of the

Development Stage

to September 30, 1993 -0- -0- -0- -0- <1,300> -0- <1,300>

Balance,

September 30, 1993 6,698,864 \$ 6,699 \$907,150 \$<905,540> \$<1,300> \$<7,783> \$ <612>

Expenses paid by officer	-0-	-0-	-0-	-0-	-0-	966	966
Net Loss for the year ended, September 30, 1994	-0-	-0-	-0-	-0-	<354>	-0-	<354>
Balance, September 30, 1994	6,698,864	\$ 6,699	\$907,150	\$<905,540>	\$<1,484>	\$<6,817>	\$ -0-
Common stock issued for cash at \$.02 per share							
October 15, 1994	59,750	60	1,135	-0-	-0-	-0-	-0-
Loan to officer	-0-	-0-	-0-	-0-	-0-	<1,195>	<1,195>
Expenses paid by officer	-0-	-0-	-0-	-0-	-0-	615	615
Collection of loan from officer							
September 30, 1995	-0-	-0-	-0-	-0-	-0-	7,397	7,397
Net Loss for the year ended, September 30, 1995	-0-	-0-	-0-	-0-	<615>	-0-	<615>
Balance, September 30, 1995	6,758,614	\$ 6,759	\$908,285	\$<905,540>	\$<2,099>	\$ -0-	\$ 7,397
Net Loss for the three month period, December 31, 1995	-0-	-0-	-0-	-0-	<343>	-0-	<343>
Balance, December 31, 1995	6,758,614	\$ 6,759	\$908,285	\$<905,540>	\$<2,442>	\$ -0-	\$ 7,054

</TABLE>

The accompanying notes are an integral part of these financial statements.

Gemstar Enterprises, Inc.
(A Development Stage Company)
Statements of Cash Flows
[Unaudited]

<TABLE>
<CAPTION>

	From the Date of Inception as a Development Stage Company (April 10, 1993)		
	For the Three Month Period Ended December 31, 1995	Through December 31, 1994	Through December 31, 1995
Cash Flows from Operating Activities:			
Net Loss from Operations	\$ <343>	\$ <300>	\$ <2,442>
Amortization	-0-	-0-	412
Expenses paid by officer	-0-	-0-	1,581
Decrease in accounts payable	-0-	-0-	<612>
Net Cash Used In Operating Activities	\$ <343>	\$ <300>	\$ <1,061>
Cash Flows from Financing Activities:			

Proceeds from sale of common stock	\$ -0-	\$ 1,195	\$ 1,195
Advances from officer	-0-	300	603
Collection of receivable from officer	-0-	-0-	7,397
Advances to officer	-0-	<1,195>	<1,195>
	-----	-----	-----
Net Cash Provided by Financing Activities	\$ -0-	\$ 300	\$ 8,000
	-----	-----	-----
Net Increase <Decrease> In Cash	\$ <343>	\$ -0-	\$ 6,939
Cash at beginning of period	8,000	-0-	718
	-----	-----	-----
Cash at end of period	\$ 7,657	\$ -0-	\$ 7,657
	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements.
Gemstar Enterprises, Inc.
(A Development Stage Company)
Notes to Financial Statements
[Unaudited]

NOTE 1 - ACCOUNTING POLICIES AND OTHER DISCLOSURES

The condensed financial statements included in this Form 10-QSB Report have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. These financial statements have been prepared in the ordinary course of business for the purpose of providing information with respect to the interim three month periods and are not necessarily indicative of the results to be expected for the entire year. The accounting policies followed by the Company and other pertinent footnote disclosures are set forth in the Company's audited financial statements contained in its Form 10-KSB Report.

The loss per common share has been computed using the number of common shares outstanding as of the end of the latest period presented. Inasmuch as the Company is a development stage enterprise, using the number of common shares outstanding as of December 31, 1995, rather than the weighted average number of common shares outstanding during each of the periods presented, provides a more conservative approach to the loss per share computation.

NOTE 2 - SUBSEQUENT EVENTS

The Company amended its articles of incorporation on March 25, 1996. The nature of the amendment was to change the par value of its common stock from \$0.02 per share to \$.001 per share.

In August of 1996, the Company sold to four individuals in a private transaction, 4,000,000 shares of its common stock at a price of \$0.0025 per share and received therefrom \$10,000.00 cash. Thus, after this transaction, the Company has a total of 10,758,614 shares of \$.001 par value common stock outstanding. Of the shares sold, the Company's sole officer and director purchased 1,500,000 shares for a total of \$3,750.00.

PART I - FINANCIAL INFORMATION

ITEM 2. PLAN OF OPERATIONS

Statements regarding the Company's expectations as to future operations and certain other statements presented in this Form 10-QSB Report constitute forward looking information within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business operations, there can be no assurance that actual results will not differ materially from the expectations expressed herein. In addition to matters affecting the Company in general, factors which could cause expectations to differ are, but not limited to, the following: 1) changes in federal and/or state securities laws; 2) changes in federal and/or state income tax laws, in particular as they relate to tax free reorganizations; 3) economic conditions, particularly as they relate to securities markets; and 4) the Company's ability to continue to have sufficient capital available to maintain its operations.

The Company was incorporated under the laws of the state of Nevada in October of 1987, under the name of North Star Petroleum, Inc. and completed a public offering of its common stock and warrants in August of 1988. Subsequent to the public offering, the Company engaged in the exploration, development and production of oil and gas on a joint venture basis with other industry partners.

In May of 1990, the Company amended its Articles of Incorporation, thereby changing its name to Gemstar Enterprises, Inc., increasing its par value from \$0.001 per share to \$0.02 per share, and authorizing for issuance 5,000,000 shares of preferred stock. Additionally, the Company reverse split its common stock on the basis of one \$0.02 par value common share for twenty [20], \$0.001 par value common shares [1 for 20 reverse split]. All references contained herein to the Company's common stock have taken this reverse split into account. During 1990, the Company also acquired approximately 200 acres of real property located in Alexander County, North Carolina. The Company's performance in both its oil and gas business and its investment in real estate did not generate sufficient revenue to result in profitable operations.

During the fiscal year ending in September, 1993, the Company sold all of its assets and associated liabilities, thus avoiding any bankruptcy, receivership or similar proceeding. By April, 1993, this reorganization was completed and the Company retained only a receivable from its sole officer and director, which amounted to less than \$10,000. As a consequence, since April of 1993, the Company has been considered a new entity for accounting purposes. During the Company's latest fiscal year, ending in September, 1996, and for its preceding two fiscal years ending September, 1995 and 1994, the Company did not engage in any business activity.

The Company recently sold shares of its common stock in a private transaction for the purpose of paying its operating costs. The Company is now actively seeking a business to acquire or to merge with, in order to establish business operations. As previously stated, the Company can not assure success in this endeavor. Furthermore, the acquisition of any asset or business enterprise (profitable or not profitable) will in all likelihood result in a dilution in the percentage ownership that a current shareholder has in the Company. The dilution will be a result of the Company issuing additional equity securities in exchange for the assets or operations acquired.

Management anticipates that if and when such a business reorganization occurs, it would most likely result in a dilution in a current shareholder's ownership percentage in the Company after the completion thereof. The dilution will be a result of the Company's need to give consideration to the previous owners of the operations or business being acquired. Additionally, an incentive to such entity to be acquired by the Company is that the Company may sell additional shares of its equity securities in order to fulfill certain capital requirements of the plan of reorganization.

The Company continues to hold expenses at a minimum by having no employees during each of its last two fiscal years. Furthermore, it is not anticipated any employees will be hired unless the Company's business operations were to change and therefore require that individuals be hired in anticipation that future revenue would be generated. Management is providing the Company with a location for its principal executive offices on a "rent free basis" and no salaries or other form of compensation are currently being paid by the Company for the time and efforts required by management to seek an entity for the purpose of entering into a reorganization. To the extent that the Company requires the exclusive, full-time use of management, it is intended that management be reimbursed for its out-of-pocket costs and to the extent that management's time requirements in fulfilling its responsibilities become greater than currently expected, the Company may accrue a financial liability to management.

The investigation of specific business opportunities and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention and will require the Company to incur substantial costs for payment of accountants, attorneys and others, which may include management. If a decision is made not to participate in or complete the acquisition of a specific business opportunity, the costs thus incurred may not be recoverable in a subsequent related investigation. Further, even if agreement is reached for the participation in a specific business opportunity by way of investment or otherwise, the failure to consummate the particular transaction may result in the loss to the Company of all related costs incurred. In the past, the board of directors have approved resolutions authorizing the issuance of the Company's common stock as consideration for amounts advanced to the Company.

Currently, management is not able to determine the time or resources that will be necessary to complete the participation in or acquisition of any future business prospect. There is no assurance that the Company will be able to acquire an interest in any such prospects, products or opportunities that may exist or that any activity of the Company, regardless of the completion of any participation in or the acquisition of any business prospect will be profitable.

Liquidity and Capital Resources

As of December 31, 1995, the Company had cash assets of \$7,657 and \$603 in liabilities. Additionally, the Company will incur substantial legal, accounting and other associated costs to bring its financial and corporate reporting obligations current [total costs incurred in this regard through the fiscal year ended September 31, 1996, amounted to \$10,069, which does not represent all of the costs yet to be incurred in this regard]. Management has not received any compensation for its efforts in this regard. It is anticipated that the Company will incur more cost including legal and accounting fees, in the location, evaluation and completion of a

reorganization, should such occur. As additional time commitments are being given to the Company by management or costs which are incurred are paid by management, the Company may issue its equity securities or enter into promissory notes, for such services and costs incurred.

Results of Operations

The Company has not engaged in any business operations, other than previously disclosed, during the quarters ended December 31, 1995 and 1994. Consequently, no revenue was generated by the Company during the quarters ended December 31, 1995 and 1994. Furthermore, the Company did not generate any revenue during its fiscal year ended September 31, 1996 and it is not anticipated that any revenue will be generated until a business reorganization with an operating entity has occurred.

PART II - OTHER INFORMATION

Items 1 - 5

The Company's response with respect to Items 1 - 5 of this Form 10-QSB Report for the quarter ended December 31, 1995 is "NONE."

Item 6 - Exhibits and Reports on Form 8-K.

The Company has not filed any Reports on Form 8-K during the quarter being covered by this Form 10-QSB.

Index of Exhibits:

Number 3: Initial Articles of Incorporation and By-laws

Incorporated by reference to the Company's registration statement on Form S-18, File No. 33-19980-D

Number 3: Amended Articles of Incorporation

Incorporated by reference to the Company's Form 10-KSB, for the year ended September 30, 1989

Number 3: Amended Articles of Incorporation

Included in this Report as Exhibit 3

Number 3: Amended Articles of Incorporation

Incorporated by reference to the Company's Form 10-KSB, for the year ended September 30, 1995

Number 4: Warrant Agent Agreement

Incorporated by reference to the Company's registration statement on Form S-18, File No. 33-19980-D

Number 4: First Amendment to Warrant Agent Agreement

Included in this Report as Exhibit 4

Number 4: Second Amendment to Warrant Agent Agreement

Incorporated by reference to the Company's Form 10-KSB, for the year ended September 30, 1995

Number 27: Financial Data Schedule

Included in this Report as Exhibit 27

SIGNATURES

In accordance with the requirements of the Exchange Act, the Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GEMSTAR ENTERPRISES, INC.

By: /S/Denny W. Nestripke
Denny W. Nestripke
Chief Executive Officer and
Chief Financial Officer

Date: November 15, 1996

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EXHIBIT 3 - AMENDED ARTICLES OF INCORPORATION

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
GEMSTAR ENTERPRISES, INC.

Pursuant to the applicable provisions of the Nevada Revised Statutes, Gemstar Enterprises, Inc. (The "Corporation") hereby adopts the following Articles of Amendment to its Articles of Incorporation:

First: The present name of the Corporation is Gemstar Enterprises, Inc.

Second: The following amendment to its Articles of Incorporation was adopted by majority vote of shareholders of the of the Corporation on May 10, 1990, in the manner prescribed by Nevada law:

1. Article IV is amended by adding to "B. Preferred Stock" a paragraph 7 as follows:

7. Conversion: The Series One Preferred Shares shall be convertible into two shares of common stock at any time subsequent to September 30, 1992.

Third: The number of shares of the Corporation outstanding and entitled to vote at the time of the adoption of said amendment was 10,977,250 shares.

Fourth: The number of shares voted for such amendment was 5,517,200 and the number voted against such amendments was 5,000.

Dated this 13th day of July, 1990.

GEMSTAR ENTERPRISES, INC.

/S/ Ricky G. Cogburn

Ricky G. Cogburn, Secretary

/s/ Denny W. Nestripke

Denny W. Nestripke, President

VERIFICATION

STATE OF UTAH }
 } SS
COUNTY OF SALT LAKE }

The Undersigned being first duly sworn, deposes and states: that the undersigned is the Secretary of Gemstar Enterprises, Inc., that the undersigned has read the Articles of Amendment and knows the contents thereof and that the same contains a truthful statement of the amendment duly adopted by the stockholders of the Corporation.

/s/ Ricky G. Cogburn

Ricky G. Cogburn, Secretary

STATE OF UTAH }
 } SS
COUNTY OF SALT LAKE }

Before me the undersigned Notary Public in and for the said County and State, personally appeared the President and Secretary of Gemstar Enterprises, Inc. a Nevada corporation, and signed the foregoing Articles of Amendment as their own free and voluntary act and deed pursuant to a corporate resolution for the uses and purposes set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 13th day of July, 1990.

/s/ Shanna Atkinson

Shanna Atkinson
NOTARY PUBLIC

My Commission Expires:

January 4, 1991

Residing At:

Salt Lake County, Utah

EXHIBIT 4 - FIRST AMENDMENT TO WARRANT AGENT AGREEMENT

FIRST AMENDMENT TO WARRANT AGREEMENT

This First Amendment to that certain Warrant Agreement between Gemstar Enterprises, Inc., formerly North Star Petroleum, Inc., a Nevada corporation (the "Company") and Cottonwood Stock Transfer, successor to Western States Transfer & Registrar, Inc., (the "Warrant Agent") dated December 2, 1987 and attached hereto as Exhibit "A" (the "Agreement") is entered into between the Company and Warrant Agent this 13th day of July, 1990.

WHEREAS, the Company terminated the services of Western States Transfer & Registrar, Inc. and replaced it with the Warrant Agent; and

WHEREAS, the Company has designated the original warrant issued by the Company in 1988 as Class A Warrants and has subsequently distributed warrants to shareholders of the Company designated as Class B Warrants; and

WHEREAS, the parties desire to modify the Agreement to reflect such changes and other amendments as set forth herein; and

WHEREAS, the parties desire the Agreement except as modified herein as to remain in full force and effect;

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Company's address is changed to 525 East 100 South, Suite 100, Salt Lake City, Utah 84102.
2. The term "Warrant Agent" shall refer to Cottonwood Stock Transfer, 525 East 100 South, Suite 105, Salt Lake City, Utah 84102.
3. The first "Whereas" paragraph of the Agreement is deleted in its entirety and the following paragraphs are substituted:

"WHEREAS, the Company has authorized and issued a Class A Warrant entitling the registered holder thereof to purchase one share of common stock at a price of \$1.60 per share during the exercise period commencing on the effective date of that certain registration statement filed with the Securities and Exchange Commission on Form S-1 by the Company in July of 1990 registering 1,100,009 shares of common stock for sale to warrant holders upon exercise of the Warrants (the "Registration Statement") and ending 45 days from the effective date thereof. A copy of the certificate evidencing the Class A Warrant is attached hereto as Exhibit "B" and by this reference made a part hereof; and

WHEREAS, the Company has authorized and issued a Class B Warrant entitling the registered holder thereof to purchase one share of common stock at a price of \$4.00 per share during the exercise period commencing on the effective date of the Registration Statement and ending six months from the effective date thereof. A copy of the certificate evidencing the Class B Warrant is attached hereto as Exhibit "C" and by this reference made a part hereof."

4. Section 1.02 of the Agreement is amended by amending the second sentence as such section to read:

"The test of the Warrant Certificate including the form of assignment and subscription to be printed on the reverse side thereof shall be substantially in the form of Exhibit "B" and "C" attached hereto."

5. Section 2.01 of the Agreement is amended by amending the first sentence of such section to read:

"This Agreement shall cover 551,145 Class A Warrants and 548,864 Class B Warrants, each exercisable for a period as set forth in the Warrant

Certificate."

6. Section 6.05 of the Agreement is amended by deleting North Star Petroleum and the address and deleting reference to Thomas G. Kimble, Esq. And the address and replacing the same with:

Gemstar Enterprises, Inc.
525 East 100 South, Suite 100
Salt Lake City, Utah 84109

Also, the reference and address of Western States Transfer & Registration, Inc. are deleted and replaced with:

Cottonwood Stock Transfer
525 East 100 South, Suite 105
Salt Lake City, Utah 94109

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

GEMSTAR ENTERPRISES, INC.

By /s/ Denny W. Nestripke

Denny W. Nestripke, President

COTTONWOOD STOCK TRANSFER

By /s/ Shanna Atkinson

Shanna Atkinson, President